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BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Examine the Commission's Post-2005 Energy Efficiency Policies, Programs, Evaluation, Measurement and Verification, and Related Issues	R.06-04-010 (Filed April 13, 2006)

2006 ANNUAL REPORT OF PACIFIC GAS AND ELECTRIC COMPANY (U 39 M), IN ACCORDANCE WITH ADMINISTRATIVE LAW JUDGE'S RULING ADOPTING ANNUAL REPORTING REQUIREMENTS FOR ENERGY EFFICIENCY AND ADDRESSING RELATED REPORTING ISSUES

LISE H. JORDAN
CHONDA J. NWAMU

Law Department
Pacific Gas and Electric Company
Post Office Box 7442
San Francisco, CA 94120
Telephone: (415) 973-6650
Fax: (415) 973-0516
e-mail: CJN3@pge.com

Attorneys for
PACIFIC GAS AND ELECTRIC COMPANY

November 15, 2007

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Pacific Gas and Electric Company (PG&E) submits the attached 2006 Energy Efficiency Programs Annual Report in accordance with the August 8, 2007 "Administrative Law Judge's Ruling Adopting Annual Reporting Requirements For Energy Efficiency and Addressing Related Reporting Issues." This report complies with the Annual Reporting Requirements Manual which is Attachment C to the Energy Division's July 20, 2007 "Workshop Report on Annual Reporting Requirements and Performance Basis." Normally, these annual reports will be filed on May 1st of the year following the end of a given program year, but the 2006 report was due on October 31, 2007 pursuant to Order Paragraph 2 of the Ruling. However, on October 23, 2007, Administrative Law Judge Gottstein granted the utilities' request for an extension of time to file this document on November 15. Because supporting documentation for the report, including updated monthly and quarterly data, is in technical format, PG&E will post this material along with the report at the Commission's public website: http://eega2006.cpuc.ca.gov.

Respectfully submitted,

LISE H. JORDAN
CHONDA J. NWAMU

By /s/
CHONDA J. NWAMU

Law Department
Pacific Gas and Electric Company
Post Office Box 7442
San Francisco, CA 94120
Telephone: (415) 973-6650
Fax: (415) 973-0516
e-mail: CJN3@pge.com

Attorneys for
PACIFIC GAS AND ELECTRIC COMPANY

Dated: November 15, 2007

CERTIFICATE OF SERVICE BY ELECTRONIC MAIL OR U.S. MAIL

I, the undersigned, state that I am a citizen of the United States and am employed in the City and County of San Francisco; that I am over the age of eighteen (18) years and not a party to the within cause; and that my business address is Pacific Gas and Electric Company, Law Department B30A, 77 Beale Street, San Francisco, CA 94105.

I am readily familiar with the business practice of Pacific Gas and Electric Company for collection and processing of correspondence for mailing with the United States Postal Service. In the ordinary course of business, correspondence is deposited with the United States Postal Service the same day it is submitted for mailing.

On the 15th day of November 2007, I served a true copy of:

2006 ANNUAL REPORT OF PACIFIC GAS AND ELECTRIC COMPANY (U 39 M), IN ACCORDANCE WITH ADMINISTRATIVE LAW JUDGE'S RULING ADOPTING ANNUAL REPORTING REQUIREMENTS FOR ENERGY EFFICIENCY AND ADDRESSING RELATED REPORTING ISSUES

[X] By Electronic Mail – serving the enclosed via e-mail transmission to each of the parties listed on the official service list for R.06-04-010 et al. with an e-mail address.

[X] By U.S. Mail – by placing the enclosed for collection and mailing, in the course of ordinary business practice, with other correspondence of Pacific Gas and Electric Company, enclosed in a sealed envelope, with postage fully prepaid, addressed to all parties on the official service list for R.06-04-010 et al. without an e-mail address.

I certify and declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on this 15th of November 2007 at San Francisco, California.

/s/
PATRICIA KOKASON

ENERGY EFFICIENCY PROGRAM PORTFOLIO

ANNUAL REPORT
FOR 2006

NOVEMBER 2007

ENERGY EFFICIENCY PROGRAM PORTFOLIO ANNUAL REPORT FOR 2006

November 2007

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2006 ENERGY EFFICIENCY PROGRAM PORTFOLIO SUMMARY

Summary

Pacific Gas and Electric Company (PG&E) has prepared its 2006 Annual Report for Energy Efficiency in compliance the Annual Reporting Requirements Manual that is Attachment C to the Energy Division's July 20, 2007 Workshop Report on Annual Reporting Requirements and Performance Basis.[1] The report describes the programs that make up the 2006-2008 Energy Efficiency portfolio and provides PG&E's energy efficiency accomplishments for 2006.

PG&E's 2006-2008 Energy Efficiency portfolio is designed around an integrated, customer-focused set of programs. Coordination of third party offerings and partnerships within clearly defined market segment programs enables PG&E to maximize energy savings and other customer benefits. Customers receive industry or measure specific information often combined with a site specific energy survey. This can include demand response options as well as self-generation information. When the focus is on the needs of the customer, the delivery channel can be PG&E, a third party implementer or a statewide or local government partnership.

The deemed savings measures of the Mass Market program provided significant energy savings in 2006. Incentives to upstream manufacturers and retailers introduced many residential and small business customers to the benefits of energy efficiency through the installation of lighting measures. These customers could then purchase additional energy efficient measures through the Mass Market, third party or partnership promotions.

At the same time, PG&E's targeted market programs with the coordinated third parties and partnerships focused on customers with larger, more complex retrofit or new construction projects that would be designed and completed over the next couple of years.

Throughout the year the various education and training components such as the Pacific Energy Center, the Education and Training Center - Stockton and the Food Service Technology Center continued to educate customers, designers, contractors, architects, and industry specialists on the latest energy efficient products, designs and practices. These might include products or practices further developed to commercialization by the Emerging Technology program.

[1] In accordance with the Administrative Law Judge's Ruling Adopting Annual Reporting Requirements For Energy Efficiency and Addressing Related Reporting Issues dated August 8, 2007, the Annual Reports are generally due on May 1 of each year following the end of a given program year. However, for this year only, the annual report (for 2006) was due October 31, 2007, and subsequently the deadline was moved to November 15 per the e-mail notification from Administrative Law Judge Gottstein on October 24, 2007.

Finally, the Codes and Standards Advocacy program supported the inclusion of widely adopted technologies or practices into State code or industry standards.

Program Descriptions and Strategies

Mass Market Program

The Mass Market is comprised of single family residential retrofit, multifamily residential retrofit, commercial and residential renters, and commercial customers who have similar purchasing patterns and strategies, use the same vendors, and have similar approaches to energy efficiency. An integrated approach to these customers, historically viewed as separate segments, provides greater penetration into the commercial market while eliminating artificial boundaries and barriers thus providing for easier program delivery and expanded participation.

Vendors and contractors are a key delivery channel for the mass market sector, particularly for the direct install delivery channel, and they integrate manufacturers, contractors, retailers and customers to maximize energy savings. PG&E coordinates customer information, provides vendor/retailer/contractor support, and encourage manufacturer/distributor participation. Third party and partnerships are integrated into the Mass Market program.

Agricultural and Food Processing Program

This program targets the full range of agriculture and food processing customers. The program addresses green field new construction and facility expansion and renovation as well as ongoing daily facility operation. Particular attention is given to key industry sub-segments identified as having high energy use and significant potential for efficiency improvement. The key sub-segments include wineries and dairies. Refrigerated warehouses, an activity that cuts across many of the agriculture and food processing market segments, have also been singled out for particular attention given their significant contribution to sector energy use and their potential for electricity and demand savings. Two third party implementers will focus on wineries, two will focus on customers with refrigerated warehouse facilities, and one will focus on dairies.

The majority of program marketing and outreach is conducted by PG&E Services and Sales staff and industry-specific consultants under contract to PG&E. The industry-specific implementers selected through PG&E's third party solicitations also provide marketing and outreach services to well-defined groups of customers within the agriculture and food processing market segments.

Schools and Colleges Program

The program design is based on the School Resources Program (SRP) that has served K-12 public schools since 2003 and the 2004-2005 UC/CSU/IOU statewide partnership. SRP has evolved into a model that integrates seamless delivery of utility and state technical support and financial programs to school districts. The Division of the State Architect (DSA) and the Office of Public School Construction (OPSC) are tightening their procedures for school construction, but in the past many school designs slipped past energy reviews and did not include the efficient designs that are possible. DSA is moving towards acceptance of Collaborative High Performance Schools (CHPS) school performance standards for approval of all new school buildings. SRP will continue to support these efforts.

The UC/CSU/IOU Partnership is the customer-preferred method for delivery of analytical and technical services to that the college and university sub-segment. The program has demonstrated the ability to overcome market barriers in this market sector. For 2006-2008, two- to four-year colleges are included in the program; independent private colleges in PG&E's service area are supported through a program design similar to that of the SRP, while California Community public colleges are supported through a statewide program design similar to the present UC/CSU/IOU Partnership but coordinated with the Office of the Chancellor of California Community Colleges.

Retail Stores Program

The Retail Stores program serves the diverse retail market segment including supermarkets, restaurants, big box retail and general retail. It includes statewide elements (calculated incentives and deemed savings rebates) as well as elements specifically targeted to the energy needs of these customers (commissioning, retro-commissioning and demand response). This program directly addresses the energy needs of big box retail, chain supermarkets and restaurants regardless of size or kW demand. It uses a team of retail and restaurant industry experts made up of internal staff and external contractors and consultants. This team serves as the point of contact and will coordinate training and educational activities, marketing activities, audits if needed, design assistance, financial incentives, retrocommissioning and commissioning, information about distributed generation options and demand response opportunities.

The majority of program marketing and outreach for the larger retail customers and large chain accounts will be conducted by PG&E Services and Sales staff and industry-specific consultants under contract to PG&E. PG&E's Mass Market program will still be the primary delivery channel for the small retail stores and restaurants. The industry-specific implementers selected through PG&E's third party solicitations will also provide marketing and outreach services to well-defined groups of customers within the retail market segment, particularly mid-size and smaller customers.

Fabrication, Process and Heavy Industrial Manufacturing Program

The program addresses green field new construction and facility expansion and renovation as well as ongoing daily facility operation for fabrication, process and heavy industrial manufacturing customers. Particular attention is given to key industry sub-segments identified as having high energy use and significant potential for efficiency improvement. The key sub-segments include water and wastewater treatment, oil production, and oil refining. Boiler efficiency and compressed air efficiency, activities that cuts across many of the heavy industry market segments, have also been singled out for particular attention given their significant contribution to sector energy use and their potential for electricity and natural gas savings. Three third party implementers focus on water and wastewater treatment and two third party implementers focus on the oil industry. One third party implementer focuses on customers employing large boilers and another focuses on compressed air system efficiency improvements. The final third party implementer focuses on the general industrial manufacturing sub-segment.

The majority of program marketing and outreach will be conducted by PG&E Services and Sales staff and industry-specific consultants under contract to PG&E. The industry-specific implementers selected through PG&E's third party solicitations will also provide marketing and outreach services to well-defined groups of customers within the Fabrication, Process, and Heavy Industries market segments.

High Technology Facilities Program

This program targets high technology facilities and their unique energy needs using both PG&E and third party industry specialists to deliver a range of energy efficiency services. The program addresses green field new construction and facility expansion and renovation as well as ongoing daily facility operation. The program incorporates statewide financial incentive elements as well as elements specifically targeted to and customized for the high technology customers in PG&E's service area. Many high technology facilities, particularly electronics firms in the greater Bay Area, have significant lighting loads as well as office equipment and other plug loads. Energy efficiency opportunities within these more traditional end use categories are addressed by this program in conjunction with the Mass Market and Large Commercial programs.

Program marketing and outreach are conducted by PG&E Services and Sales staff, industry-specific consultants under contract to PG&E, implementers selected through PG&E's third party solicitations, and local government partners.

Medical Facilities Program

This program targets new and existing medical facilities to facilitate delivery of a portfolio of energy efficiency, demand response and distributed generation services. A new market integrated program effort addresses the hospital segment, while PG&E's mass market effort serves as the primary delivery vehicle for the medical office segment. The nursing home segment is also served by the Mass Market Program although the

market integrated approach primarily addresses larger facilities that fall under the auspices of Office of Statewide Health Planning and Development (OSHPD) review.

Large Commercial (Office Buildings, Government, Large Institutions) Program

The Large Commercial program focuses primarily on incentives for calculated energy savings in new construction and retrofit projects. Upstream deemed rebates or direct installation of measures are provided for office equipment measures. Much of the energy savings will be obtained from retrofit projects.

The overarching strategy for this program is to work with the design community to increase awareness of the value of integrated design strategies and the potential savings in high efficiency lighting, HVAC, and related technologies. This includes providing architects and building designers with tools to determine under what conditions the new strategies and technologies are appropriate, and which approaches they can employ to move their clients, the building owners and managers, toward adoption of high efficiency technologies in the final designs.

The program team continues to work directly with building owners through its relationships with large property management firms. This work focuses on 1) supporting the United States Green Building Council's Leadership in Energy and Environmental Design (LEED) and green building concepts, and 2) meeting state government desires to reduce energy consumption in government-owned office buildings. Third party and partnerships will be integrated into the Large Commercial program.

New for 2006 was a focus on workstation loads such as computers, video display terminals, printers, external disk drives, computer audio systems, telephones, under-cabinet task lighting, copiers, and faxes. These loads are growing to the point where they may equal the building load in power density (watts per square foot).

Hospitality Facilities Program

This program targets new and existing lodging and hotel facilities to facilitate delivery of a portfolio of energy efficiency services. It includes statewide elements as well as elements specifically targeted to the customers in PG&E's service area. The market integrated program addresses the energy needs of larger hotels, convention centers, and chains while PG&E's Mass Market program is the primary delivery channel for smaller hotels/motels and bed and breakfast inns.

The hospitality industry has potential opportunities for energy efficiency. Remodeling in large hotels and corporate chains occurs fairly frequently, about every three to seven years, in order to remain competitive. Growth in this market sector is occurring in the Central Valley corridor, coincident with economic and population growth, where air conditioning can be a significant load and advanced evaporative cooling could be a viable alternative to compressor based cooling.

Residential New Construction Program

The Residential New Construction Program, part of the Target market segment offering, targets new residential housing using both PG&E and third party industry specialists to facilitate delivery of a portfolio of energy efficiency services. Program elements include education and awareness of energy efficient new homes to consumers and rebates/incentives to builders of new homes.

The program encourages builders to exceed minimum energy efficiency standards required by California's Title 24 building code when building new residential, single family and multifamily homes; it offers cash incentives to builders for doing so.

The objective of the program is to achieve long-term kWh and therm savings through construction of more efficient single and multifamily dwelling units.

The program offers builders a choice of participating in a prescriptive or performance-based program. .

At this time, single family and low-rise multifamily building projects meeting the program requirements will also meet the requirements of the U. S. Environmental Protection Agency (EPA) Energy Star® Homes Program.

This program includes a third party offering by Heschong Mahone Group, Inc., for Multifamily New Construction. HMG implements this program component for PG&E. This third party program proposes to address barriers to penetration of energy efficiency building design and construction industry practices in the multifamily new construction market. The third party addresses the above mentioned market barriers by offering developer rebates, verification rebates, design team rebates, design assistance, sales staff training, engineering analysis of design option paybacks and energy savings.

Codes and Standards

PG&E advocates improvements to energy efficiency building codes and appliance standards through the statewide Codes and Standards program. Codes and Standards Enhancement (CASE) studies for energy efficiency improvements are developed for promising design practices and technologies and are presented to standards and code-setting bodies. While most program resources are employed to support standards development processes conducted by the California Energy Commission (CEC), in particular, Title 24 and Title 20, the program also monitors and intervenes, as appropriate, in proceedings outside California that potentially impact state standards. The US Department of Energy (USDOE) conducts federal appliance standards proceedings, for example, that preempt California's state standards. PG&E participates in and monitors development of standards and product ratings that are referenced directly or indirectly by California standards.

PG&E provides affirmative expert testimony at public workshops and hearings and conducts supporting research and analysis throughout the public rulemaking process.

Following adoption, the program supports training for strategic interventions that improve compliance with new codes and standards.

Education and Training

Education and Training supports all energy efficiency programs in PG&E's 2006-2008 portfolio. The program includes on-site, telephone and Web-based audits, the Pacific Energy Center (PEC), the Energy Training Center – Stockton (ETC), the Food Service Technology Center (FSTC), telephone centers serving residential and nonresidential customers, and Web and telephone information services that help mass market customers with energy efficiency.

The PEC offers seminars, consultations, tool lending and information that are useful to all market segments as the first step in identifying technologies for application in their buildings. The ETC focuses on residential contractor training. The FSTC provides the commercial food service sector with impartial, reliable, and useful information that stimulates the energy-efficient design and operation of commercial food service facilities.

Energenius and the Energy Patrol offer students, teachers and the students' parents the opportunity to learn about energy, energy use and ideas for using energy more efficiently.

Emerging Technologies

The statewide Emerging Technologies (ET) program is an information-only program that seeks to accelerate the introduction of innovative energy efficient technologies, applications and analytical tools that are not widely adopted in California. Emerging technologies may include a range of products including hardware, software, design tools, strategies and services.

A daunting number of market barriers must be overcome for a new energy efficient product to gain acceptance. The ET program accelerates a product's market acceptance through a variety of approaches, but mainly by reducing the performance uncertainties associated with new products and applications. In addition, the program managers may investigate opportunities with industry, the CEC and others to develop new, innovative and cost effective energy efficient technology enhancements to existing products. The ET program targets all market segments.

Statewide Marketing

The investor-owned utilities (IOUs) outsourced the entire Statewide Marketing and Outreach program to three agencies: Efficiency Partnership (Flex Your Power), Runyon Saltzman & Einhorn (the Flex Your Power rural marketing campaign), and Staples Marketing (Univision Television).

<u>The Flex Your Power</u>

This statewide energy efficiency marketing and outreach program is designed to educate Californians on the energy, financial and environmental benefits of energy efficiency and to support the energy efficiency programs of the IOUs, third-party program providers and other organizations. The campaign does so through a full range of marketing and outreach strategies including television, radio and newspaper ads, earned media, printed educational materials, events, a Web site resource, a biweekly electronic newsletter, and cooperative marketing and outreach efforts with businesses, government and nonprofit organizations.

Flex Your Power Rural

The Flex Your Power Rural marketing campaign is a comprehensive statewide energy efficiency communications effort designed to encourage residential energy users in rural areas to make permanent upgrades to their homes and to participate in statewide gas and electric energy efficiency activities.

Univision

This statewide marketing and outreach campaign targets California's Hispanic population, which represents one-third of the state's population, to encourage them to participate in energy efficiency programs.

SECTION 1
ENERGY SAVINGS

Table 1

Table 1.
Electricity and Natural Gas Savings and Demand Reduction

Annual Results		Installed Savings	CPUC Adopted in D. 04-09-060 Goal (Year)	% of Goals (Year)	% of 3-year Goals (Portfolio)	Balance
2006 Energy Savings (GWh) – Annual		***784***	***2,032***	***39%***	***12%***	***6,027***
	PG&E	784	829	95%	28%	2,042
TOTAL Energy Savings (GWh) - Annual		**784**	**6,811**	**12%**	**12%**	**6,027**
2006 Energy Savings (GWh) – Lifecycle		***5,644***	***-***			
	PG&E	5,644				
TOTAL Energy Savings (GWh) – Lifecycle		**5,644**				
2006 Natural Gas Savings (MMth) – Annual		***11***	***30***	***36%***	***10%***	***101***
	PG&E	11	13	85%	24%	34
TOTAL Natural Gas Savings (MMth) – Annual		**11**	**112**	**10%**	**10%**	**101**
2006 Natural Gas Savings (MMth) – Lifecycle		***128***				
	PG&E	128				
TOTAL Natural Gas Savings (MMth) – Lifecycle		**128**				
2006 Peak Demand savings (MW)		***143***	***442***	***32%***	***10%***	***1,305***

A. Successful Programs and Program Strategies

The 2006-2008 portfolio began a new program cycle with new budgets and energy savings goals that were adopted in Decision 05-09-043. PG&E's portfolio is a balance of long term strategies, usually large complex energy efficiency projects that take several years to design and implement, and energy efficient measures that customers can purchase and install within a shorter time frame. Because the Commission's energy saving targets were not ramped to incorporate program startup or to accommodate longer term projects, PG&E placed significant focus on the deemed savings measures[2] of the Mass Market program while, at the same time, actively pursuing commitments for larger calculated incentive projects with longer lead times which will be completed and paid in subsequent years.

This approach also assisted the startup of third parties and partnerships which began implementation in 2006.

Within the Mass Market program, PG&E's upstream lighting efforts introduced many customers to the benefits of energy efficiency while expanding the number of manufacturers and retailers who produced or promoted energy efficient products. These

[2] Deemed savings measures are those measures with pre-specified energy savings and rebate levels.

same retailers and vendors also promoted energy efficient products to small commercial customers.

Simultaneously, PG&E also increased implementation of refrigerator and freezer recycling, refrigerant charge and air flow, and duct test and seal, an HVAC component implemented by selected and specifically trained contractors.

PG&E's Mass Market program successfully combined the efforts of upstream manufacturers and retailers and midstream contractors, as well as residential and small commercial customers to provide significant energy savings in the first year of this three year cycle before the larger calculated projects could be designed and installed.

B. Programs Dropped from the Portfolio

The following third parties were selected as part of the competitive bid process but were dropped from the portfolio when PG&E and the implementers were unable to come to agreement during contract negotiations.

- Energy Efficiency of Water and Wastewater Treatment Facilities in PG&E's service area—BASE
- Energy, Savings, Performance (ESP)—EDC Technologies, Inc.
- Compressed Air Management Program—SBW Consulting
- Efficient Boiler System (EBS)—SBW Consulting

C. Plans to Meet the Commission's Goals

The 2007 and 2008 portfolio will include increased emphases on implementation of larger, more complex projects in the targeted market programs such as Heavy Industry, Hi Tech, and Large Commercial. These projects will include significant HVAC, process and boiler energy savings from a variety of larger customer segments.

Third parties and partnerships will also reach full implementation and contribute energy savings during 2007-2008.

SECTION 2
EMISSION REDUCTIONS

Table 2

Table 2
Environmental Impacts

Annual Results	Annual tons of CO2 avoided	Lifecycle tons of CO2 avoided	Annual tons of NOx avoided	Lifecycle tons of NOx avoided	Annual tons of SOx avoided	Lifecycle tons of SOx avoided	Annual tons of PM10 avoided	Lifecycle tons of PM10 avoided
2006 Portfolio Targets	***398,575***	***4,656,104***	***107***	***1,596***	***-***	***-***	***-***	***-***
2006 Total	**52,325**	**656,616**	**7**	**85**	**-**	**-**	**3**	**43**
PGE	52,325	656,616	7	85	N/A	N/A	3	43

PG&E Footnote (1): Environmental Impact targets are taken from Attachment 2 Table 1.1 of PG&E Compliance Filing for 2006-2008 MIDSM Portfolio, dated April 18, 2006.

Table 2 reports the 2006 incremental environmental impacts of PG&E's Energy Efficiency portfolio for 2006. The E3 calculator has been updated for the calculation of CO2, NOx and PM10 shown in the table above.

All of PG&E's resource programs that provide energy savings contribute to emissions reductions reported in the table above. The emissions reductions are directly related to the amount of kWh and therms saved, so the programs and strategies that were most successful in reducing emissions are the same ones that were most successful in reducing kWh and therms. Because these are new programs that needed to ramp up during 2006, most of the energy savings for 2006 are associated with the Mass Market program. The longer-term projects most common to the Targeted Market programs will provide additional savings in 2007 and 2008 as the projects are completed.

PG&E uses the updated E3 calculator for all emissions calculations except for SOx. The SOx reductions are not calculated in the E3 calculator and are expected to be zero because none of the California IOUs use coal fueled power on the margin and the energy savings from energy efficiency programs only impact the margin.

The E3 calculator is updated as necessary per Decision 05-09-043, Ordering Paragraph 15. The assumptions used to calculate the emissions reductions and avoided cost were defined further in D. 06-06-063 and associated workshops and were included in the E3 calculator which generated the emissions reductions reported. The fuel type selected is consistent with the program types and end uses entered in the E3 calculator. The emissions reductions reported in the Green House Gas Proceeding are calculated on the same basis.

SECTION 3
EXPENDITURES

Table 3

Table 3
Expenditures

Summary of Portfolio Expenditures	Adopted Program Budget (3 - Yr)	Cumulative Annual Expenditures	Percent of Portfolio Budget (3-yr)	Percent of Total Annual Expenditures
Total Portfolio Expenditures				
Administrative Costs	136,337,200	19,625,910	2.26%	13.80%
Marketing/ Advertising/ Outreach Costs	91,764,285	19,987,113	2.30%	14.05%
Direct Implementation Costs	639,366,758	102,619,389	11.83%	72.15%
Total Portfolio Expenditures	**867,468,243**	**142,232,412**	**16.40%**	**100.00%**
Total Competitive Bid Program Expenditures (sub-component of portfolio)				
Administrative Costs		2,024,976	0%	1%
Marketing/ Advertising/ Outreach Costs		-		
Direct Implementation Costs		11,858,721	1%	8%
Total Competitive Bid Program Expenditures [1]	**206,048,069**	**13,883,697**	**1.60%**	**9.76%**
Total Partnership Program Expenditures (sub-component of portfolio)				
Administrative Costs		3,348,808	0%	2%
Marketing/ Advertising/ Outreach Costs		822,499	0%	1%
Direct Implementation Costs		4,969,211	1%	3%
Total Partnership Program Expenditures	**123,622,330**	**9,140,518**	**1.05%**	**6.43%**
Total EM&V Expenditures (separate from portfolio)				
EMV IOU	20,593,000	532,953	2.59%	83%
EMV JOINT STAFF	54,428,304	108,543	0.20%	17%
Total EM&V Expenditures	**75,021,304**	**641,496**	**0.86%**	**100.00%**

[1] The Competitive Bid Program implementer expenditures are currently classified in the Direct Implementation cost category, while PG&E's administrative costs are classified in the Administrative cost category. PG&E intends to disaggregate the 2007 program implementer expenditures into the three cost categories (administrative, marketing, and direct implementation).

A. Third Party Programs

The Commission directed the utilities to continue successful program year (PY) 2004-2005 third party programs selected by the Commission and to bid out at least 20 percent of PY 2006-2008 funds for additional third party programs with the objective to "solicit innovative ideas and proposals for improved portfolio performance" (D.05-01-055, mimeo, p. 90).

PG&E selected 11 PY 2004-2005 third party programs deemed successful for continued implementation in its PY 2006-2008 portfolio. In addition, PG&E issued two solicitations for third party programs leading to 46 third party program contracts. PG&E originally awarded 99 percent of the 20 percent of the 2006-2008 funds to third party programs; however, a number of the selected proposals fell out during contract negotiations. As a result, PG&E plans to award the remaining program budget ($15.7

million) to successful third party programs that can deliver additional electric and/or gas savings.

PG&E's third party programs include the following:

Implementer: Air Power USA
Program: AIM (Assessment, Implementation and Monitoring) of compressed air systems

Air Power USA's AIM helps PG&E industrial customers improve their compressed air systems and reduce their electric usage. AIM provides an incentive of 10 cents per kWh of savings, up to 65 percent of the overall project costs.

In addition, AIM provides technical services at no cost to customers, including:

1. Air system audits, which identify the costs and savings of specific projects to reduce electric use and improve air quality,
2. Design and project implementation support, which helps customers spec and bid improvement projects and oversee their implementation,
3. Savings verification, which verifies the actual savings associated with the implemented projects by measuring electric use before and after project installation,
4. Incentive processing, which handles the paperwork and documentation for collecting AIM incentives,
5. Post-project technical support for three years, which helps customers sustain energy savings and air system efficiency by providing check-up audits and ongoing technical support for a period of three years after project installation.

Implementer: Lockheed Martin Aspen (LMA)
Program: Heavy Industry Energy Efficiency Program (HIEEP)

HEEP identifies and facilitates the implementation of major process-oriented and other energy-efficiency upgrades for PG&E's heavy industry customers. Customers that install energy efficient systems and equipment will receive incentives based on the annual kWh or therm savings achieved.

Services provided by the program include, but are not limited to:

- Identifying all opportunities (energy efficiency, demand-response, renewable energy systems, etc.) and assessing their economies,
- Performing studies and assessments to (1) identify efficiency improvements, (2) quantify these savings and other benefits to be produced by these improvements, and (3) explain/quantify the investments needed to achieve the benefits.
- Marketing collateral design and production,
- Assisting the participant to apply for program incentives,
- Assisting the participant in vendor and contractor selection,

- Monitoring installation for quality, conformance, and participation in commissioning,
- Processing and tracking of incentive applications.

Implementer: Building Industry Institute
Program: Builder Energy Code Training (BECT)

BECT provides training by the building industry to the building industry to improve compliance with Title 24 energy codes for residential new construction.

BECT provides fundamentals of energy-efficient construction and an understanding of materials, assemblies, building systems and subsystems in the context of energy codes. In addition, in response to the major changes in the 2005 Title 24 requirements, the focus of BECT over the next few years is to improve compliance with the new mandatory lighting standards and to provide information and training to encourage use of energy-efficiency measures that reduce peak consumption and load, especially the quality-construction code-elements that require 3rd party inspections and tests. These inspections and tests are not widely used by builders but provide cost-effective and verified savings.

Implementer: California Urban Water Conservation Council (CUWCC)
Program: Rinse and Save Program

The Rinse and Save Program is a direct-install program that replaces high energy and water use pre-rinse spray valves with more efficient models at food service facilities.

The CUWCC Rinse and Save Program operates in the following counties: Alameda, Contra Costa, Fresno, Marin, Napa, Sacramento, San Benito, San Mateo, Santa Clara, Solano, and Sonoma.

NOTE: This program was scheduled to run through June 2007, but it was cancelled as of March 31, 2007, due to an Evaluation, Measurement and Verification (EM&V) report that showed that it was no longer cost effective.

Implementer: Cal UCONS
Program: Commercial Laundry Program (CLP)

The CLP primary goal is to promote replacement of inefficient gas and electric water-heated commercial clothes washers in high-usage laundromats and multi-family common areas with qualifying energy efficient machines.

To achieve energy savings, the CLP installs commercial front-loading washers in high-usage laundromats and multifamily common areas. In addition, the program also upgrades inefficient gas and electric water heaters and lighting in laundromats and laundry areas of multifamily residences.

Implementer: California Manufacturing Technology Consulting (CMTC)

Program: VeSM (Value and Energy Stream Mapping) Advantage Plus™

The VeSM Advantage Plus™ Program is an outgrowth of Southern California Edision's Innovative Design for Energy Efficiency Applications (IDEEA) program and focuses on process improvements that will both improve energy efficiency and identify equipment and other energy savings opportunities. VeSM Advantage Plus™ will:

1. Provide both gas and electric savings using the same set of proven and standardized tools that are being implemented in 2006-2008 programs at SDG&E, SCG, and SCE.
2. Identify and quantify energy efficient process improvement solutions on the shop floor through a unique Value and Energy Stream Mapping (VeSM™) assessment tool.

Expected benefits will include:

1. Implementation of two or more high-impact process improvements leading to substantial, measurable, and sustainable improvements in manufacturing processes.
2. Identification of the potential for the additional implementation of more high-impact, energy efficiency improvement solution(s) that may lead to installed EE measures.
3. Implementation of approximately 34 VeSM™ projects.

Implementer: CONSOL
Program: Duct & Cover Program

The goal of the Duct & Cover program is to mainstream the combination of tight ducts, quality installed insulation, and insulation-buried ducts into a simple, cost-effective measure for single-family production home builders. The CONSOL team will provide builders and subcontractors technical assistance, training, and incentives to build at least 600 homes within PG&E's service area that exceed Title 24 by at least 20 percent. This program is restricted to Climate Zones 11 through 13.

Implementer: Ecology Action
Program: Lodging Savers

The Lodging Savers program delivers multi-measure comprehensive retrofits and retrocommissioning (RCx) to small, medium and large lodging facilities in PG&E's service area. Predominate measures include lighting, HVAC controllers, refrigeration measures, and water saving measures. Ecology Action provides audits and financial incentives to encourage measure adoption.

Implementer: Ecology Action
Program: RightLights Program

The 2006-08 RightLights Program is a multi-lingual direct install program implemented by Ecology Action that delivers comprehensive lighting retrofits to businesses in Monterey, San Benito, Santa Clara, Santa Cruz, and San Mateo counties with A-1, A-6, A-10 or E-19V rate schedules. Ecology Action's 2006-08 RightLights measure list includes lighting, pre-rinse spray valves, refrigeration tune-ups, refrigeration fan motor drop-in replacements, refrigeration heater door controls, strip curtains, refrigerator door gasket replacements, interactive refrigeration controls, and vending machine controls.

Implementer: ECOS CONSULTING
Program: Ecos Air

Ecos Air conducts audits and installations of compressed air systems. Participating customers receive complete compressed air systems audits and incentives to install equipment that results in energy savings and demand reduction. Ecos Air also provides training designed to generate persistent energy savings while helping the customer keep its compressed air system running at optimal performance.

The Ecos Air Program is open to PG&E mid- to large-sized industrial facilities that use compressed air systems.

Implementer: Energy Solutions
Program: Cool and Light Program

The Cool and Light Program - Advanced Energy Efficiency Opportunities for Large Retail - provides design assistance and incentives for innovative air conditioning and lighting technologies. In partnership with the UC Davis Western Cooling Efficiency Center (WCEC), the Program promotes and provides incentives for the adoption of two innovative HVAC technologies—evaporative pre-coolers for rooftop AC units and rooftop AC unit compressor optimization controllers. Also, the Program will provide control improvements and economizer repairs for existing HVAC units and state of the art energy-efficient lighting design assistance and incentives, including day-lighting, controls, and the latest generation lighting technologies. The Cool and Light Program targets big box retail stores in Climate Zones 4, 11, 12, and 13.

Implementer: Energy Solutions
Program: Federal and State E5K Program (E5K program)

The E5K Program provides design recommendations and incentives to federal and state facilities to install spectrally enhanced fluorescent lighting. Participating federal and state facilities are responsible for hiring a contractor to do the actual installation, but Energy Solutions performs a walk-through audit to identify savings opportunities and provides written lighting specifications to the participant. Energy Solutions also offers assistance during the bid process and additional technical support during the construction phase.

Implementer: Energy Solutions

Program: HeatWise Program

HeatWise is a natural gas-saving program with incentives for ultra-high efficiency condensing water heaters, ultra-high efficiency condensing boilers (space heating and combination space and water heating), and innovative, low cost solar water heaters (this measure to be developed). Energy Solutions works with trade allies and contractors and provides rebates to both the purchaser of the equipment and to the trade ally/contractor. The primary market for this program is food processing and lodging facilities, office and multifamily buildings.

Implementer: Enovity
Program: Commercial and Industrial Boiler Efficiency Program (CIBEP)

Enovity's CIBEP is an incentive program targeted to the implementation of large commercial and industrial fuel-fired boiler system energy efficiency improvements that will result in both natural gas and electrical energy savings. This program combines boiler engineering evaluations and technical implementation assistance with financial incentives that make the projects more economically attractive to PG&E customers. Primary markets for CIBEP include:

- Small and Large Offices
- Colleges and Universities
- Large Hospitality
- Hospitals and Large Medical Facilities
- Gaming and Entertainment
- Industrial and Manufacturing
- Hi-tech and Laboratory
- Laundries
- Food Processing

Implementer: Enovity
Program: Monitoring-Based Persistence Commissioning (MBPCx)

Enovity's MBPCx program uses a building's building automation system (BAS) to track the ongoing performance of HVAC systems and facilitate the reporting and correction of deviations from optimal performance. The program will initially involve a traditional retrocommissioning approach where site surveys are performed, the HVAC and BAS systems are thoroughly documented, and energy efficiency measures are identified through functional testing. Then, the program will use a Performance and Continuous Recommissioning Analysis Tool (PACRAT) as the main persistence commissioning tool. PACRAT is a comprehensive automated diagnostic tool for HVAC systems performance that automatically collects trend data from the BAS and has built-in diagnostic tools to identify system anomalies from historical data, generating reports of system anomalies and associated energy and operational cost savings at regular user-defined intervals. Customer will receive incentives for participating in the Program.

This program targets large commercial buildings (office, retail, hotel, hospital, college/university, high tech office/lab/manufacturing).

Implementer: Enovity
Program: Energy Efficiency Partnership Program for Department of General Services State-Leased Facilities

The Program focuses on buildings leased by the California Department of General Services that are 5,000 square feet or larger and offers benchmarking, energy audits, retro-commissioning, technical assistance, design advice, rebates, and direct implementation services. Measures focus mainly on HVAC and lighting.

Implementer: EnSave Inc.
Program: Dairy Energy Efficiency Program (DEEP)

The DEEP offers rebates to dairy producers and dairy food processors throughout PG&E's service area, approximately 1,300 customers. Measures offered are milking vacuum pump variable speed drives, plate coolers, compressor heat recovery units, milk transfer pump variable speed drives, scroll compressors, premium efficiency motors, box fans, high-volume, low-speed fans, and lighting.

EnSave works with the manufacturers of the technologies, dairy equipment dealers, and agricultural organizations to promote the program and enroll customers.

Implementer: Build It Green
Program: Green Building Technical Support Services (GBTSS)

The 2006–2008 GBTSS) Program promotes green building strategy to achieve greater energy efficiency in new and existing homes. The focus of the 2006–2008 program is to promote healthy, durable, energy and resource-efficient buildings in California. In order to accomplish this objective, Build It Green uses education and outreach to connect consumers and building professionals with the tools and technical expertise they need to build quality Green Buildings. Build It Green strives to foster collaboration with key stakeholder groups to accelerate the adoption of green building standards, policies, and programs. The education and outreach strategies funded through the program are currently targeted to the nine-county San Francisco Bay Area and the three-county Monterey Bay Area.

Implementer: Global Energy Partners
Program: Energy Efficiency Services for Oil Production

Global Energy Partners (GEP) provides a turnkey custom-measure incentive program targeting oil and gas producers. Oil and gas facilities served include wells, extraction equipment, surface transport, field augmentation, water steam and gas injection, product separation and treatment, storage and distribution, and pipeline transport.

Energy efficiency measures offered to customers include, but are not limited to;

- conversion of outdated pumping systems,
- energy efficient motors and pump-off controllers on rod beam pumps,
- motor controllers,
- proper sizing and premium efficient motors and pumps,
- variable frequency drives,
- water reduction technologies,
- optimizing water injection systems,
- optimizing surface fluid transport systems,
- efficient gas compressors

GEP's operations involve:

- Marketing, recruiting the program to qualifying oil producers;
- Conducting on-site surveys to identify energy efficiency opportunities; and
- Performing pre-installation and post-installation inspections to certify installations, issuing customer incentives, and producing program reports and documentation.

GEP will also conduct 6 workshops/seminars to train and recruit oil and gas producers to the Energy Efficiency Services Program in association with industry organizations.

Implementer: Heschong Mahone Group (HMG)
Program: California Multifamily New Homes (CMFNH)

The CMFNH Program facilitates energy-efficient design and construction in multifamily housing through design assistance and cash incentives. CMFNH benefits include energy efficiency services for developers, architects, engineers, energy consultants, and owners. CMFNH offers resources for owner/developers of qualified multifamily new construction.

Implementer: Honeywell
Program: Cool Control Plus™

Offered by Honeywell Utility Solutions, Cool Control Plus is a direct install program for small to mid size hotels in PG&E's service area. Free measures include thermostats and occupancy sensors for qualifying package terminal air conditioners (PTAC) (in room air conditioner + heaters combo units) and vending machine controllers. Lighting measures have a fixed customer co-payment per measure.

Implementer: KEMA
Program: Enhanced Automation Initiative (EAI)

The goal of the KEMA's EAI program is to promote investments in enhanced automation and control technologies. The EAI targets large commercial customers who want to improve their building automation systems and the functionality of their existing energy management systems (EMS). The program offers free on-site assessments, technical assistance, and incentives for EMS reprogramming and/or hardware improvements.

Implementer: KEMA
Program: Small Commercial Comprehensive Refrigeration (SCCR) Cool Biz Program

The Cool Biz program is an incentive program designed to provide comprehensive refrigeration energy efficiency upgrades to small and medium sized commercial businesses in selected areas. This target market encompasses convenience stores, butcher shops/meat markets, fish markets, small independent restaurants/cafes, drugstores, liquor stores, retail bakeries, caterers, cafeterias, assisted living facilities, gas station/ convenience stores, and independent grocery stores.

The program offers:

- A free facility assessment to identify energy saving equipment opportunities
- A detailed proposal that includes a list of recommendations and estimates of energy savings, project cost, payback period and the rebate amount to be paid by the Cool Biz Program
- Installation of the approved energy-saving equipment by a local, approved contractor. Pre- and post-installation inspections assure quality and verify energy savings. KEMA has pre-inspected 176 projects (a 38 percent inspection rate) and performed post-inspections on 100 percent of their projects.
- Prescriptive measures include refrigerator controls, cooler door heater controls, freezer door heater controls, EC (electronically-commutated) motors, novelty cooler controllers, custom refrigeration measures, compact fluorescents, fluorescent fixture upgrades, LED exit signs, custom lighting upgrades, HVAC system tune-ups, HVAC controls, and custom electric measures.

Implementer: KEMA
Program: Wastewater Process Efficiency Initiative (WPEI)

KEMA provides a turnkey program with a comprehensive approach to reduce energy use in wastewater treatment plants. The program provides technical support services and incentives to wastewater treatment plants that promote the installation of energy-efficient equipment and better process control.

Implementer: Low Income Investment Fund (LIF)
Program: California Preschool Energy Efficiency Program (CPEEP)

The CPEEP provides energy efficiency retrofits to the largest preschool centers. The program brings together the key stakeholders in this segment to leverage additional energy efficiency funds and outreach expertise. CPEEP is a partnership with the

California Department of Education and California Head Start Association. LIIF's subcontractor, Intergy Corporation, coordinates the implementation of the retrofit projects.

LIIF will provide a complete energy efficiency program for the centers identifying energy and demand reduction opportunities, providing technical assistance to identify and implement projects, completing post installation quality control procedures, and training key facility staff. The program provides direct installation of a comprehensive list of measures including lighting, HVAC refrigeration and other measures.

Implementer: Newmatic Engineering Laboratory
Program: Airflow and Fume Hood Control Systems Re-Commissioning (Lab-RCx)

Newmatic Engineering's Laboratory Lab-RCx Program for optimized energy efficiency in laboratory facilities addresses the issue of wasted energy in laboratories in biotech firms, pharmaceutical firms, electronics firms, and colleges and universities. Lab-RCx is a comprehensive suite of engineered options aimed at optimizing energy efficiency in laboratories through re-commissioning, controls retrofits (constant volume to variable air volume), installation of usage-based controls, air change rate reductions, and static pressure setpoint reductions.

The program offers cash incentives for business energy projects involving the re-commissioning of facilities. Projects may consist of retrofit of existing airflow equipment/systems or upgrades to existing airflow equipment/systems to yield greater energy savings.

Implementer: Nexant, Inc.
Program: Refinery Energy Efficiency Program (REEP)

The REEP offers Nexant's refining expertise from its Petroleum and Chemical division and demand-side management (DSM) program implementation experience from its Energy Management division. The REEP also fully uses the current three-year funding cycle to specifically address the long lead-time for refinery projects.

REEP provides these services to customers:

- Identify cost-effective projects, provide and apply industry-specific experience for selection and design of the EE projects;
- Use incentives to offset capital investments; and
- Project management/coordination.

Implementer: Onsite Energy Corp
Program: Industrial Cold Storage/Food Processing Energy Efficiency Program (CS/FP)

The Onsite program offers customized incentives to the refrigerated warehouse and food processing industries. The program targets energy efficiency and demand reduction projects with incentives that will meet the payback required by these companies to justify their investment. Onsite administers the incentive program and implements projects on behalf of customers. Incentives are paid to customers for actual kW and kWh reductions achieved.

Implementer: Portland Energy Conservation, Inc. (PECI)
Program: AirCare Plus

The AirCare Plus program provides incentives to maintenance service contractors for rooftop HVAC units for refrigerant charge and airflow modifications, economizer retrofits, and thermostat replacements and adjustments. The program targets light commercial customers, including high tech and restaurant businesses, and others for whom HVAC loads are high. In particular, the program provides service contractors' technicians with on-site energy efficiency training and ongoing technical support, including use of a hand-held software device that uses proprietary AirCare Plus software and accepts data about the HVAC units and provides instructions on how to conduct the retrofit, including proper installation in compliance with Title 24. In addition, pre- and post-retrofit technical data and implemented measures are automatically recorded by the hand-held diagnostic tool.

After completing the rooftop HVAC unit maintenance, technicians upload their activity information through a wireless connection to implementer's (PECI) website to identify savings and additional tune-up opportunities. Using energy savings estimates generated by the AirCare Plus software, these technicians are able to show building owners or managers how increased energy efficiency saves them money. Incentives are paid directly to the HVAC contractor.

Implementer: Portland Energy Conservation Inc. (PECI)
Program: Retrocommissioning Services and Incentive Program

The Retrocommissioning Services and Incentives Program offers financial and technical assistance for commercial building owners throughout PG&E's service area to undertake retrocommissioning (RCx) projects and implement measures that improve their building's operations.

This program offers the following services to building owners:

- Building screening to determine eligibility
- Pre-qualified and trained RCx providers to conduct in-depth investigation
- Customized investigation of building operations and assistance in choosing cost-effective measures for implementation
- Implementation assistance for energy saving improvements with payback periods less than one year (incentives available with payback periods greater than one year)

- Documentation and training on implemented RCx measures

Implementer: Portland Energy Conservation Inc. (PECI)
Program: Energy Smart Grocer Program

The Energy Smart Grocer Program provides grocers with energy audits, rebates and information about energy efficient technology and operations. The program promotes energy efficient lighting, HVAC, and refrigeration systems. Specific services include:

- No cost energy audit
- Energy savings report
- Contractor enrollment
- Technical consultation
- Financial rebates and rebate application assistance

Implementer: PowerLight
Program: Combined Approach to Solar and Efficiency (CASE)

PowerLight serves photovoltaic (PV) customers with their CASE Program. PowerLight provides a wide variety of energy efficiency solutions along with incentives for both energy and demand reductions delivered from the projects.

The scope of the CASE program includes a comprehensive energy audit of clients' facilities, in which they identify and evaluate various demand saving measures. PowerLight creates a demand-side management (DSM) feasibility study, which they review with the customer to select the most optimal measures to implement. PowerLight offers a range of options to implement these measures, in which PowerLight can act as prime contractor or alternatively can simply act as an engineering consultant, leaving the project implementation up to the customer. In either case, PowerLight manages and monitors the execution of the project from start to finish.

Implementer: Proctor Engineering Group
Program: Extended Time Delay Relay (ETDR)

The ETDR program is a direct install mass market program targeting apartment complexes as well as individual homeowners in PG&E's service area. The program integrates the fan time delay relay system by running the fan at the end of the compressor cycle, thus evaporatively cooling the air returning to the building. Proctor Engineering Group recruits and trains contractors to deliver the program.

Implementer: Quantum Energy Services and Technologies (QuEST)
Program: California Wastewater Process Optimization Program/Anaerobic Digester Optimization Pilot Program (CalPOP/ADOP)

CalPOP targets wastewater treatment plants and provides facility audits, engineering assistance, project management support, and incentives based on potential energy savings. Anaerobic Digester Optimization Pilot Program (ADOP) was recently added to take advantage of available gas savings at wastewater treatment facilities.

Implementer: QuEST
Program: Data Center Cooling Controls Program (DCCCP)

DCCCP targets data centers and server farms to improve the centers' energy efficiency by providing facility audits and incentives for wireless temperature-control systems for computer room air conditioning units (CRAC) and the variable frequency drives (VFD) for those units. The program focuses on the installation of advanced controls and VFDs. A self-optimizing control strategy will continually adjust the speed of the CRAC fan so that total power consumption (fan power plus cooling power) is minimized. The approach will result in significant energy savings and will provide data center operators with valuable information about temperature distribution in their data centers.

Implementer: QuEST
Program: Equity Office Properties (EOP) Trust Program

By working directly with the property management group, QuEST proposed to build on existing relationship with EOP to increase cost-effectiveness with the EOP Trust Program by eliminating needs for marketing and costs associated with gaining customer commitments.
The program targets building optimization, comprehensive training, and the implementation of measures, including the following:

- Benchmarking of all EOP buildings in PG&E's service area,
- Increased monitoring of major systems and integrating controls into existing energy management systems,
- Comprehensive energy audits and engineering analysis to identify savings and providing incentives for implementation

NOTE: THIS PROGRAM IS OFFICIALLY TERMINATED AS OF MARCH 30, 2007 DUE TO EOP'S ACQUISITION BY A NEW BUYER.

Implementer: QuEST
Program: Hospital Pilot Program (HPP)

HHP is a comprehensive turnkey program designed to improve the energy efficiency of large hospitals. Hospital owners are facing the prospect of significant expenditures over the next three years in order to meet new seismic requirements. The HHP program takes advantage of this planned funding by providing a program design that couples in-depth energy engineering analysis with assistance in meeting applicable regulatory requirements. The program provides engineering and rebates targeting feasible retrofits,

tune-ups, and retro-commissioning as well as referrals to PG&E's Demand Response and Self-Generation programs.

Implementer: QuEST
Program: Macy's Comprehensive Energy Management Program

QuEST proposed to build on Macy's participation in the 2004-2005 Building Tune-Up (BTU) program by implementing the MCEMP. Features of MCEMP include development of a training module for Macy's engineers that will result in measurable and persistent savings, piloting new technology and establishment of baselines.

The program provides building optimization, comprehensive training, and the implementation of measures, including the following:

- Benchmarking of Macy's stores,
- Increased monitoring of major systems and integrating controls into existing energy management systems,
- Comprehensive energy audits and engineering analysis to identify savings,
- Incentives for implementation.

Implementer: QuEST
Program: Hospitality Energy Efficiency Program (HEEP)

HEEP is a comprehensive turnkey program designed to improve the energy efficiency of hotel and motel properties. HEEP provides eligible participants with energy efficiency rebates for retrofits, tune-ups, and retro commissioning (RCx). HEEP's primary market is large hotels.

Implementer: Resource Solutions Group (RSG)
Program: School Energy Efficiency (SEE)

The SEE program provides school facility benchmarking, audits, technical assistance (including assistance developing and evaluating an RFP to hire a contractor to install recommended measures) and incentives to K through 12 public and private schools. Customers can choose to receive incentives, technical assistance in lieu of incentives, or a combination of the two. The SEE program may provide similar services to small government facilities such as libraries. The program will focus primarily on central and northern California. .

Implementer: Resource Solutions Group (RSG)
Program: Campus Housing Efficiency Solutions (CHES)

The Campus Housing Efficiency Solutions (CHES) program targets university and college campuses with student residences most suitable for energy efficiency upgrades and provides incentives in the form of either rebates and/or installation support services

to ensure that cost-effective savings are achieved. Throughout the process, RSG will work closely with key campus directors to help them learn about the energy efficiency upgrade process so that they can continue to identify and implement long-term savings projects. The program also addresses the growing student plug-load by focusing on the infrastructure that influences students' energy use.

Implementer: Resource Solutions Group (RSG)
Program: Wine Industry Efficiency Solutions (WIES)

WIES addresses energy efficiency and resource management and implements a process that will ensure demand and energy savings. WIES identifies efficiency improvement opportunities and provides incentives through either installation support services or rebates for customers who agree to implement the recommendations. RSG developed the Resource Management Advisor model for businesses that require more than rebates to encourage program participation. This model assists customers with the confusing and often tedious tasks involved in implementing efficiency projects such as equipment specification, bid package development, contractor selection, project financing and project management.

Implementer: Richard Heath and Associates (RHA)
Program: Energy Fitness Program (EFP)

The EFP serves small and medium size nonresidential customers in the area north of Sacramento with a no-cost, direct install program. The EFP performs an audit of each facility and provides direct installation of a tailored package of energy efficiency measures such as lighting, exit signs, vending machine controllers, and occupancy sensors. Energy efficiency measures may also include installation of window film and HVAC condenser coil cleaning. Applicable recommendations for lighting, refrigeration, HVAC, motors, building envelope, and food service are given to each participant in a customized energy audit report. In addition, the EFP provides energy education and personalized technical assistance to each customer, as well as referrals to other applicable programs. All labor and material costs associated with the audit, direct installation and additional services are fully covered by the EFP.

Implementer: Richard Heath and Associates (RHA)
Program: Mercury Vapor Yard Light Exchange Program (LCP)

LCP is a pilot to serve the agricultural communities in the rural areas of Climate Zone 11. RHA will replace 10,000 mercury vapor fixtures in rural areas of northern California through an exchange or direct install process. RHA will coordinate and facilitate the LCP with local schools and community organizations, which would encourage the voluntary, no-cost trade of the existing, older mercury vapor lights for high pressure sodium lighting. RHA will involve these schools and organizations by offering them an exchange incentive for each operating mercury vapor fixture brought in and exchanged for a high pressure sodium yard light. By making the LCP a community event, RHA

intends to expand a normal fundraiser into an activity that combines marketing, outreach, public energy awareness, and financial benefit to local organizations and schools in rural communities. Furthermore, to assist elderly/disabled during the exchange events, RHA also will offer direct install services to households who cannot remove and replace their own yard lights.

Implementer: Synergy Companies
Program: Comprehensive Manufactured/Mobile Home Program (CM/MHP)

CM/MHP provides a comprehensive energy program to an estimated 5,500 manufactured home customers in PG&E's service area. The CM/MHP is initially focusing on the hotter climate zones (11, 12 and 13). Through the CM/MHP, Synergy provides marketing and outreach, customer education, direct installation of a tailored package of measures, personalized assistance, quality assurance, and additional program referrals. The cost-effective energy efficiency measures and verification services directly installed at no cost to customers through the CM/MHP include:

- Verified air conditioning diagnostic and tune-up
- Verified duct test and deal
- Energy efficient aerator
- Energy efficient showerhead
- Energy Star compact fluorescent lamps (CFL) – interior and exterior
- Energy Star hardwire fixture CFL – interior and exterior
- Common Area Energy Star CFL – interior and exterior

Implementer: The Energy Alliance Association (TEAA)
Program: Energy Savers Program

The Energy Alliance Association (TEAA) / Small Business Energy Alliance (SBEA) provides incentives and comprehensive energy efficiency services to the small business sector. The focus of the program is to reduce peak demand and energy usage through short payback energy efficiency measures.

The TEAA/SBEA Energy Savers program operates in the counties of Marin, Sonoma, Mendocino, Lake, Napa, and Solano. The program serves small and medium size commercial customers. The program offers no-cost energy surveys and 100 percent pre- and post-construction inspections by SBEA project managers. The program offers five energy efficiency measures:

- Comprehensive lighting
- New HVAC system
- HVAC system tune-up
- Refrigeration tune-up
- Programmable thermostat replacement

Implementer: VaCom Technologies
Program: Industrial Refrigeration Performance Plus (IRPP)

The IRRP targets refrigerated warehouses, food processors and related cooling operations that operate year-round or seasonally in the food and beverage sector, including processing, storage and distribution operations with industrial refrigeration systems. Under the IRRP program, existing facilities are retrofitted, emphasizing refrigeration system improvements as well as addressing lighting, envelope, pumping, air handling and related process equipment. Whole-facility simulation is used to quantify savings and economics. Two years of web-based automated performance monitoring and associated operator education is included to provide transparency and long-term permanence of savings. The IRRP program provides more complex, comprehensive integrated solutions, providing higher savings levels and instituting a continuous improvement paradigm delivered through real-time performance monitoring and training. The nature of these facilities includes complex built-up mechanical systems, multiple expansions over time, and inefficiencies caused by over-sizing and lack of controls to manage at part-load and non-peak conditions.

B. Statewide and Local Government Partnerships

STATEWIDE PARTNERSHIPS

Statewide partnerships are collaborations between PG&E, other investor-owned utilities (IOUs) and state agencies with facilities throughout California. Three 2006-2008 Statewide Partnerships are listed below:

University of California and California State Universities (UC/CSU)

UC/CSU Partnership is designed to achieve immediate, long-term peak energy and demand savings. The Partnership establishes a sustainable framework for comprehensive energy management and is an extension of a statewide nonresidential program from the 2004-2005 program cycles. The UC and CSU systems consume vast quantities of energy and, as a combined entity, make up a significant portion of both the electric and natural gas load in California. They are large, complex organizations with a broad set of goals, stakeholders, processes and constituencies. They are diverse from a geographic, climate and operational needs standpoint. But with this size and diversity also comes a considerable opportunity to save energy and costs on a scale that is meaningful.

The Partnership currently includes five UC campuses and eleven CSU campuses. Specific objectives for the UC/CSU/IOU Partnership include:

- Improved outreach to campuses for a more effective targeting of training and education,
- Funding levels that encourage campus projects with a higher energy savings and demand reduction potential,

- Capitalizing on the infrastructure built during start-up of the 2004-2005 program to reduce administrative costs and improve cost-effectiveness,
- Continued improvement on monitoring-based commissioning (MBCx) that PG&E can roll out to other customers in the future.

Additional desired outcomes include the sharing of best practices and educational tools, leveraging of local knowledge, and encouraging an infrastructure for the permanent adoption of processes at the campus and university system level.

California Community Colleges (CCC)

CCC/IOU Energy Efficiency Partnership is a partnership between the CCC and the four IOUs. The CCC is comprised of 109 colleges statewide organized into 72 districts.

PG&E and the other IOUs collaborate with the CCC to share energy efficiency best practices and to implement energy efficiency projects for immediate and long-term energy savings and peak demand reduction. In addition, the Partnership establishes a permanent framework for sustainable, long-term energy management for partner entities. Each campus has a master plan in place or in development. With the Partnership Program, the IOUs help develop an emphasis on energy efficiency to incorporate into the overall campus plan.

California Department of Corrections and Rehabilitation/ California Department of General Services (CDCR/CDGS)

PG&E, CDCR and the other three California IOUs are collaborating on the CDCR/IOU Energy Partnership, a new energy efficiency partnership to share energy efficiency best practices and to implement energy efficiency projects for immediate and long-term energy savings and peak demand reduction. CDCR has 34 adult facilities, sixteen parole offices and eight youth facilities. In recent years, the CDCR has implemented many energy efficiency projects and encouraged energy conservation behavior in all its facilities. Despite the efforts many of the facilities have not had the funding to implement comprehensive energy projects. Those that have completed projects in the past are due for updated technology and retrofits. In addition, most of the institutions will be expanding by approximately one million square feet per site to comply with the State mandate for additional treatment centers at each of the facilities.

INDUSTRY PARTNERSHIPS

PG&E is working with one Industry Partnership - Silicon Valley Leadership Group Energy Watch (SVLGEW). SVLG represents more than 240 Silicon Valley firms and supporting industries, including software, systems, manufacturing, financial services, accounting, transportation, health care, defense, communications, education and utilities. SVLGEW promotes reduced energy use and energy savings targets for the SVLG members by providing energy efficiency information, commercial building energy

assessments, energy efficient equipment and energy system metering and monitoring equipment to eligible PG&E customers. Eligible PG&E customers include small, medium and large business customers that are members of SVLG and Sustainable Silicon Valley (SSV).

LOCAL GOVERNMENT PARTNERSHIPS

Association of Bay Area Governments (ABAG) Energy Watch Partnership

PG&E and the Association of Bay Area Governments (ABAG) work together on the ABAG Energy Watch (ABAGEW) to promote reduced energy use and promote energy savings for local governmental agencies (cities, counties and special districts) in the following counties: Alameda, Contra Costa, Marin (coordinated with the Marin County Energy Watch), Napa, San Mateo, Santa Clara, Solano and Sonoma (coordinated with the Sonoma County Energy Watch). The 2006-2008 ABAGEW Partnership is designed to provide technical assistance and information services to assist cities, counties and special districts (local governments) in the ABAG membership areas. This joint partnership of ABAG and PG&E is designed to complete energy efficiency projects in public facilities and to promote energy efficiency within the communities. While some of the larger cities in Northern California have been very active in energy efficiency, most small and medium sized local governments do not have the in-house capability to tap into existing state and utility energy efficiency programs. Besides key marketing strategies, the Partnership provides municipal facility services and energy efficiency policy services.

Association of Monterey Bay Area Governments (AMBAG) Energy Watch Partnership

PG&E, the Association of Monterey Bay Area Governments (AMBAG) and Staples Marketing are working together to implement AMBAG Energy Watch (AMBAGEW) in the counties of Santa Cruz, San Benito and Monterey. AMBAGEW helps customers in the AMBAG region reduce energy use through various energy efficiency services and incentives, such as energy assessment reports, residential and nonresidential direct install programs and retrofit programs targeting municipalities.

Bakersfield & Kern County Energy Watch Partnership

The Bakersfield and Kern County Energy Watch (BKCEW) is a unique cooperative effort of Pacific Gas and Electric Company (PG&E), Southern California Edison (SCE) and Southern California Gas Company (SCG). Partnership offerings are available to residents, businesses and municipalities of the City of Bakersfield and Kern County. The Partnership is building on its prior achievements in reducing energy use by providing energy efficiency information and direct installation of energy-efficient equipment to homeowners and small businesses in targeted areas while continuing to retrofit municipal properties. The 2006-2008 BKCEW has been enhanced by a new component that offers training to city building inspectors.

East Bay Energy Watch Partnership

The East Bay Energy Watch (EBEW) is a partnership comprised of PG&E, the Cities of Oakland and Berkeley, the Counties of Alameda, Contra Costa and Solano and QuEST. EBEW promotes reduced energy use by providing energy efficiency information and direct installation of energy efficient equipment to eligible PG&E customers.

The EBEW is a continuation of an existing PG&E partnership creating a more integrated portfolio through the addition of new elements, increased coordination with PG&E's core and third party energy efficiency offerings and more aggressive leveraging of municipal resources.

Fresno Energy Watch Partnership

The Fresno Energy Watch (FEW) is a partnership designed to provide comprehensive energy efficiency services to the City of Fresno. Richard Heath & Associates (RHA) is the contractor charged with delivering cost effective, comprehensive and persistent energy savings through the leadership of the local city government of Fresno. The goals of the partnership are to provide comprehensive and integrated energy solutions address community needs and capture available energy savings. Locally based energy efficiency seminars are offered to expand the audience for energy efficiency. The FEW Partnership also focuses on local energy policies that promote energy efficiency practices, codes and standards.

Local Government Energy Action Resources Energy Watch Partnership

The Local Government Energy Action Resources (LGEAR) is designed to optimize the opportunities for jurisdictions and their communities to work toward the common goal of achieving short- and long-term energy savings. New Energy Watch partnerships may be established within LGEAR.

Madera Energy Watch Partnership

Madera Energy Watch (MEW) offers a range of energy efficiency options for commercial, small business and residential customers, as well as municipal facilities. The MEW Partnership works with local contractors, builders, building departments and others to install energy efficient equipment to reduce energy use. Locally based training programs are offered to expand the audience for energy efficiency. The MEW Partnership also focuses on local energy policies that promote energy efficiency practices, codes and standards. Richard Heath & Associates (RHA) is the contractor charged with delivering cost-effective, comprehensive and persistent energy savings among the partners in the MEW Partnership.

Marin Energy Watch Partnership

Marin County Energy Watch (MCEW) delivers cost effective, comprehensive and persistent energy savings through aggregation of smaller local governments, schools and

other public agencies. The Partnership's overarching goal is to provide a more comprehensive and integrated solution to overcoming local market barriers, addressing each community's needs and capturing all available energy savings.

Merced/Atwater Energy Watch Partnership

The Merced/Atwater Energy Watch (MAEW) provides comprehensive energy efficiency services to the cities of Merced and Atwater. Through the leadership of both local city governments, the Partnership delivers persistent energy savings and finds integrated solutions to overcome local market barriers, address community needs, and capture available energy savings. Richard Heath & Associates (RHA) is the contractor charged with delivering cost-effective, comprehensive and persistent energy savings throughout the MAEW partnership. Locally based energy efficiency seminars are offered to expand the audience for energy efficiency. The MAEW also focuses on local energy policies that promote energy efficiency practices, codes and standards.

Motherlode Energy Watch Partnership

The Motherlode Energy Watch (MLEW) is an expansion of the successful 2004-2005 El Dorado County Energy Partnership. Through its partnership with the counties of Sierra, Nevada, Placer, El Dorado, Amador and Calaveras, and the cities within, MLEW will serve the vast majority of the Sierra Foothills Region. Key city partners include Auburn, Placerville, Nevada City, Grass Valley, Jackson and Angeles Camp. MLEW will coordinate the strengths of the counties and cities within the foothill region to better serve unique city and county needs and the rural utility customers, and increase participation in PG&E's energy efficiency programs. El Dorado Management is the contractor charged with delivering cost-effective, comprehensive and persistent energy savings among the partners in the MLEW Partnership.

Redwood Coast Energy Watch Partnership

The Redwood Coast Energy Watch (RCEW) Partnership achieves energy savings through a comprehensive, locally-driven approach in Humboldt County. This partnership augments PG&E's historic efforts to deliver energy savings and achieves a higher level of market penetration by utilizing local staff expertise and resources to provide marketing, outreach, information, education and technical assistance. RCEW builds on the Redwood Coast Energy Authority's (RCEA) close working ties with local public agencies and uses local delivery channels including contractors, vendors, retailers, Chambers of Commerce, professional and service organizations and environmental groups.

San Francisco Energy Watch Partnership

The San Francisco Energy Watch (SFEW) offers a broad spectrum of energy-efficiency programs and services targeting mainly small business and multifamily PG&E customers in San Francisco. It provides small businesses in San Francisco with free energy

assessments and discounted installations of energy efficient lighting and refrigeration measures, is working with larger customers on a case-by-case basis to provide free energy audits and incentives for calculated nonresidential retrofit-demand response (NRR-DR) projects, and, provides multifamily building owners in San Francisco with free energy assessments and discounted installations of energy efficient lighting, refrigeration and HVAC measures.

San Joaquin Energy Watch Partnership

The 2006-2008 South San Joaquin Energy Watch (SSJEW) is comprised of San Joaquin County and the cities of Lathrop, Manteca and Tracy. The key objectives of SSJEW are to provide targeted energy efficiency information and the installation of energy efficient equipment to eligible municipal facilities, businesses and residential PG&E customers. Intergy Corporation is the contractor charged with delivering cost-effective, comprehensive and persistent energy savings among the partners in the SSJEW Partnership. Locally based energy efficiency seminars are offered to expand the audience for energy efficiency. The Partnership also focuses on local energy policies that promote energy efficiency practices, codes and standards.

Santa Barbara Energy Watch Partnership

The Santa Barbara County Energy Watch (SBCEW) negotiations were not completed in 2006.

Silicon Valley Energy Watch Partnership

Silicon Valley Energy Watch (SVEW) is focused on distributing comprehensive energy information throughout Santa Clara County as well as providing support for cities as they transition their communities to new energy codes and standards. The Partnership works with all targeted parties to optimize the opportunities for the Santa Clara County local governments and their communities to work toward the common goal of achieving short- and long-term energy savings and reduced utility bills.

Sonoma County Energy Watch Partnership

The Sonoma County Energy Watch (SCEW) realizes energy savings by coordinating a whole community's public commitment to reduce greenhouse gas (GHG) emissions. Working closely with the Climate Protection Campaign (CPC), SCEW focuses first on reducing emissions from internal operations of municipalities, such as buildings, and secondarily, on emissions from all sectors in the municipal jurisdictions. SCEW addresses most market sectors including residential, agricultural process, schools/colleges, retail stores, food manufacturing and processing, fabrication industries, medical facilities, office buildings, process industries, lodging facilities and high technology facilities.

Stockton Energy Watch Partnership

The Stockton Energy Watch (SEW) offers a range of energy efficiency options for commercial, small business and residential customers, as well as municipal facilities. The Partnership works with local contractors, builders, building departments and others to install energy efficient equipment to reduce energy usage. Richard Heath & Associates (RHA) is the contractor charged with delivering cost effective, comprehensive and persistent energy savings among the partners in the SEW Partnership. Locally based energy efficiency seminars are offered to expand the audience for energy efficiency. SEW also focuses on local energy policies that promote energy efficiency practices, codes and standards.

C. Review of any issues encountered with either the partnerships or competitive bid programs during the past year

Partnerships

Most of the Partnerships took six months or more to move from proposal to contract. In many cases, several weeks or months were added to start up the Partnerships. Because of the time constraints, the Partnerships did not deliver significant energy savings nor did their expenditures meet projections or expectations in 2006.

One of the biggest obstacles to contracting with governments is the public review process and the length of time it takes to move through the various approval levels. Generally, public spending requires oversight by different levels of government. For example, after a government department designs and negotiates a contract, another governing body or commission that has oversight over such matters will review and approve the contract before moving it on to another government body for final approval. While this contract process is time consuming, this public oversight process in itself serves a marketing function; therefore, there is an increase in awareness of energy efficiency programs because of the visibility of these Commissions and other elected bodies.

Third Parties

Unlike traditional consulting contracts whose payments are typically based on time and materials, PG&E required a performance payment structure for the 2006-2008 third party contracts which helped mitigate the performance risk. However, this also meant that several selected proposals fell out during contract negotiations. Among the proposals that fell out were some programs that had attractive levelized costs but were from smaller companies that, on the one hand, could deliver programs at lower administrative costs, but on the other hand, did not have the cash flow or financial backing needed to support long lead-time programs with a performance payment structure. As a result, the yield (savings per dollar) from signed contracts was lower than originally anticipated.

In addition to performance payment issues, the third party contract negotiations were complex due to the need to systematically coordinate and integrate each of the 46 third party programs into PG&E's portfolio. Most of the RFP 1 contracts were signed in

August of 2006, which means that the programs had only been operating for four months in 2006. Most of the RFP 2 contracts were signed in November of 2006. Unlike the core programs which have existing infrastructure in place, 35 of the 46 programs are new and thus require time to set up program processes and infrastructure.

SECTION 4
COST EFFECTIVENESS

Table 4

Table 4
Cost Effectiveness

Annual Results	Total Cost to Billpayers (TRC)	Total Savings to Billpayers (TRC)	Net Benefits to Billpayers (TRC)	TRC Ratio	Total PAC Cost	PAC Ratio	PAC Cost per kW Saved ($/kW)	PAC Cost per kWh Saved ($/kWh)	PAC Cost per therm Saved ($/therm)
PG&E (1)	$ 1,226,277,084	$ 1,978,704,354	$ 752,427,270	1.61	$ 921,802,045	2.15	N/A (2)	**3.79 cents/kWh**	**$0.36 /therm**
2006 - 2008 TARGETS									
Average per year									
PG&E	$ 201,444,961	$ 418,250,605	$ 216,805,644	2.08	$ 138,538,786	3.02	N/A	**3.00 cents/kWh**	**$0.52 /therm**
PG&E TOTAL	**$ 201,444,961**	**$ 418,250,605**	**$ 216,805,644**	**2.08**	**$ 138,538,786**	**3.02**			

PG&E Footnote (1) Cost Effectiveness targets are taken from Attachment 2 Table 1.3 of PG&E Compliance Filing for 2006-2008 MIDSM Portfolio, dated April 18, 2006. PAC cost per kWh or per therm is levelized PAC cost per kWh or therm.

(2) The adopted avoided cost methodology does not provide information to provide a meaningful value for PAC Cost per kW. The adopted avoided cost methodology created kWh costs values that vary for each hour of the year that includes kW generation capacity costs. The current PAC Cost per kWh includes all ratepayer financial costs incurred in producing electric savings. The same costs would have to be reallocated if a PAC Cost per kW were presented. Additionally, the current approved calculator does not have the capability to calculate discounted kW, nor is it clear whether an annualized cost per kW or total cost per kW is more useful.

Table 4 shows the various cost effectiveness values used in the Total Resource Cost (TRC) test and the Program Administrator Cost (PAC) test. The E3 calculator provides the PAC cost per kWh saved and the PAC cost per therm saved, but not the PAC cost per kW. The PAC costs per kWh or per therm provided in E3 calculator are levelized PAC costs divided by the respective discounted energy savings over the life of the energy saved. It is not particularly useful, or practical, to separate the electric PAC cost into cost per kW and cost per kWh, therefore, the E3 calculator does not separate these costs.

The TRC ratio is greater than 1.0 and the TRC net benefits are positive, as required for the portfolio, indicating that the avoided supply costs of energy exceed the energy efficiency program costs and provide a net resource benefit from a broad societal perspective. The PAC ratio is greater than 1.0, as required for the portfolio, indicating that the avoided supply costs of energy exceed the energy efficiency program costs and have a net resource benefit from a program administrator perspective. Low dollars per energy unit saved (levelized costs) for $/kWh and $/therm metrics demonstrate net resource benefits.

The energy savings and incremental costs are from the Database for Energy Efficiency Resources (DEER) database where applicable and are otherwise documented in workpapers submitted with each quarterly report and posted on PG&E's Web site at http://www.pge.com/rebates/program evaluation/. The effective useful lives (EUL) and net-to-gross values are taken from the Energy Efficiency Policy Manual, from DEER where applicable, and are otherwise documented in the workpapers submitted with the quarterly reports. The cost benefit calculations were performed in accordance with Decision.06-06-063 and Decision 07-09-043. The cost of the current Codes and Standards Advocacy program are included, but no energy savings from past programs are included in these calculations. Neither

the cost nor the energy savings from Low Income Energy Efficiency programs are included in these calculations. Both Codes and Standards Advocacy and Low Income Energy Efficiency energy savings are included in total reported energy savings.

The overall portfolio cost-effectiveness calculation (TRC and PAC tests) excludes LIEE programs and energy savings associated with pre-2006 Codes and Standards Advocacy work. This is consistent with Decision 05-04-051 (Updated Policy Rules for Post-2005 Energy Efficiency Programs) and Decision 05-09-043 (Energy Efficiency Portfolio Plans and Program Funding Levels for 2006-2008 – Phase 1 Issues) respectively.

The cost-effectiveness calculations have been performed using the revised E3 calculator in compliance with Decision 06-06-063, the December 21, 2006 ALJ Ruling, and Decision 07-09-043.

SECTION 5
BILL PAYER IMPACTS

Table 5

Table 5
Ratepayer Impacts

2006	Electric Average Rate (Res and Non-Res) $/kwh	Gas Average Rate (Res and Non-Res) $/therm	Average First Year Bill Savings ($)	Average Lifecylce Bill Savings ($)
PGE	$0.1392	$1.1129	$121,104,693	$927,454,591
PG&E Average				
PG&E Notes: 1) 2007 weighted average bundled forecast electric rate - $0.13918/kwh **2) 2007 weighted average bundled gas rate - $1.1129/therm**				

As agreed in the IOUs conference call with Energy Division staff on August 17, 2007, average electric (residential and nonresidential) and gas (residential and nonresidential) rates will be included in the annual report to calculate the average first year and lifecycle bill savings. Also, it was agreed to use an average rate to calculate the average first year and average lifecycle bill savings from the participant perspective as follows:

- The average first year electric bill savings is calculated by multiplying an average (residential and nonresidential) electric rate with the first year kWh energy savings.
- The average first year gas bill savings is calculated by multiplying an average (residential and nonresidential) gas rate with the first year therm energy savings.
- The average lifecycle electric bill savings is calculated by multiplying an average (residential and nonresidential) electric rate with the lifecycle kWh energy savings.
- The average lifecycle gas bill savings is calculated by multiplying an average (residential and nonresidential) gas rate with the lifecycle therm energy savings.

SECTION 6
GREEN BUILDING INITIATIVE

Table 6

Table 6
Green Building Initiative

		GWH			MW			MMth		
2006	**Expenditures**	Goal	Annual	% of Goal	Goal	Annual	% of Goal	Goal	Annual	% of Goal
PGE	$ 13,827,249	117	124	106%	27	26	96%	1.07	1.24	116%
PG&E										
PG&E Note: The expenditures are incentive dollars to participants only.										

Table 6 shows the expenditures and energy savings in 2006 for the Governor's Green Building Initiative (GBI) to reduce energy use in state-owned office buildings. The following programs with the respective Energy Efficiency Groupware Application (EEGA) program code and description contributed to the GBI savings and achieved 106 percent of its GWh goal, 96 percent of its MW goal, and 116 percent of its therm goal in 2006.

EEGA_CODE	EEGA_DESCRIPTION
PGE2001	Ag & Food Processing (IOU)
PGE2002	Schools & Colleges (IOU)
PGE2003	Retail Stores (IOU)
PGE2004	Fab Prcss & Hvy Indl Mfg (IOU)
PGE2005	Hi-Tech Facilities (IOU)
PGE2007	Large Commercial (IOU)
PGE2008	Hospitality Facilities (IOU)
PGE2016	Association of Monterey Bay Area Governments Energy Watch
PGE2017	Bakersfield and Kern County Energy Watch
PGE2018	California Community Colleges/IOU Energy Efficiency Partnership
PGE2020	East Bay Energy Watch
PGE2021	Fresno Energy Watch
PGE2024	Madera Energy Watch
PGE2025	Marin County Energy Watch
PGE2026	Merced/Atwater Energy Watch
PGE2027	Motherlode Energy Watch
PGE2030	South San Joaquin Energy Watch
PGE2032	Sonoma County Energy Watch
PGE2033	Stockton Energy Watch
PGE2035	Silicon Valley Leadership Group Energy Watch
PGE2036	UC/CSU/IOU Energy Efficiency Partnership
PGE2047	Coin Operated Laundry CAL_UCONS
PGE2048	Pre-rinse Spray Valve Installation CUWWC
PGE2051	RightLights Ecology Action
PGE2054	Energy Fitness RHA
PGE2060	Cool Control Plus for the Hotel / Motel Industry Honeywell Utility

EEGA_CODE	EEGA_DESCRIPTION
PGE2065	PGE ONSITE (Ag & Food Processing)
PGE2066	PGE Supermarket Controls (PECI)
PGE2074	Energy Savers—TEAA
PGE2080	Mass Market commercial (nonresidential)
PGE2086	HeatWise Program, Energy Solutions

The portfolio continues to make significant contributions to the goals of the Green Building Initiative.

The non-resource programs in PG&E's Energy Efficiency portfolio also contribute significantly to achieving the goals of the Green Building Initiative by introducing customers to the general benefits of energy efficiency as well as to specific measures that could increase the energy efficiency of their homes and businesses.

Education and hands-on training for contractors, architects, designers and customers interested in particular energy efficient measures, projects or practices was provided in the classroom.

The statewide Codes and Standards Advocacy program continues to work with stakeholders to incorporate energy efficient measures and practices into State building and appliance codes, Federal guidelines and industry standards.

SECTION 7
SHAREHOLDER PERFORMANCE INCENTIVES

Summary

The 2006-2008 shareholder performance incentive was established in Decision 07-09-043. PG&E will submit its initial shareholder incentive claim for 2006 on May 1, 2007, in compliance with that decision and the Reporting Requirements Manual.

SECTION 8
SAVINGS BY END-USE

Table 8

Table 8:
Annual Savings By End-Use

	GWH	% of Total	MW	% of Total	MMTh = 1,000,000 therms	% of Total
Residential	**311.82**	**39.77%**	**45.67**	**31.94%**	**1.64**	**15.28%**
Appliances	4.90	0.63%	0.61	0.43%	0.76	7.04%
Consumer Electronics	-	0.00%	-	0.00%	-	0.00%
Cooking Appliances	-	0.00%	-	0.00%	-	0.00%
HVAC	2.96	0.38%	7.22	5.05%	0.65	6.00%
Lighting	286.79	36.57%	35.03	24.50%	-	0.00%
Pool Pump	0.33	0.04%	0.06	0.04%	-	0.00%
Refrigeration	16.66	2.13%	2.57	1.80%	-	0.00%
Water Heating	0.02	0.00%	0.00	0.00%	0.20	1.86%
Other	0.16	0.02%	0.17	0.12%	0.04	0.38%
Nonresidential	**406.39**	**51.83%**	**80.33**	**56.17%**	**6.71**	**62.40%**
HVAC	24.92	3.18%	13.91	9.72%	0.11	1.04%
Lighting	281.62	35.91%	50.29	35.17%	(0.00)	-0.02%
Office	-	0.00%	-	0.00%	-	0.00%
Process	51.79	6.60%	9.52	6.66%	6.42	59.69%
Refrigeration	36.28	4.63%	4.27	2.98%	-	0.00%
Other	11.78	1.50%	2.35	1.64%	0.18	1.69%
Low Income Energy Efficiency	**27.92**	**3.56%**	**6.01**	**4.20%**	**1.45**	**13.48%**
Codes & Standard Energy Savings	**38.00**	**4.85%**	**11.00**	**7.69%**	**0.95**	**8.83%**
PG&E ANNUAL PORTFOLIO SAVINGS	**784.13**	**100%**	**143.01**	**100%**	**10.76**	**100%**

Table 8 shows the 2006 annual savings of all programs by end use. The energy savings recorded by PG&E's Energy Efficiency portfolio comply with all of the Commission's policy rules in the Energy Efficiency Policy Manual, Version 3 as well as with all subsequent Commission decisions and rulings. PG&E has also made necessary adjustments based on reporting formats and calculation agreements made between the utilities and the Commission's Energy Division. Future reporting will comply with any future requirements determined by the Commission.

The Low Income Energy Efficiency (LIEE) energy savings reported above are from the LIEE Annual Report provided to the Commission in May 2007. LIEE measure savings are from Appendix B of the LIEE Measure Cost Effectiveness Final Report, Itron, June 2, 2003.

SECTION 9
COMMITMENTS

Table 9

Table 9
Commitments

	Commitments Made in the Past Year with Expected Impelmentation by December 2008			
	Committed Funds	Expected Energy Savings		
2006	$	GWH	MW	MMth
PG&E Total	$ 21,901,443	135	19.3	6.8
	Commitments Made in the Past Year with Expected Impelmentation ***after*** December 2008			
	Committed Funds	Expected Energy Savings		
2006	$	GWH	MW	MMth
PG&E Total	$ -	-	-	-

Table 9 shows the commitments made in 2006 for energy efficiency projects that are expected to be completed by December 2008. All the Targeted Market Segments (PGE2001 to PGE2008) use Nonresidential Retrofit and Nonresidential New Construction calculated applications and procedures to make long-term commitments on projects that require lead times or long construction schedules. Many of these are large commercial projects, complex industrial projects, or projects with complex administrative requirements such as schools or government buildings. The Residential New Construction program (PGE2009) also receives long-term projects such as subdivisions that will be built out over several years.

The committed savings in the above table are the best estimate of the expected energy savings based on detailed engineering analysis which has been reviewed and approved for each project. The final energy savings may vary due to changes in the project during installation. Only the final, verified energy savings are counted toward accomplishments.

The committed dollars are incentive dollars associated with the estimated energy savings and other requirements of the individual projects. Final incentive dollars are paid based on the final energy savings and other program requirements.

APPENDIX A
PG&E PROGRAM NUMBERS

CPUC ID	Name	Date Added (new programs)	Date Removed
PGE2000	Mass Market (residential) (IOU)		
PGE2080	Mass Market (nonresidential) (IOU)	Nov-06	
PGE2001	Ag & Food Processing (IOU)		
PGE2002	Schools & Colleges (IOU)		
PGE2003	Retail Stores (IOU)		
PGE2004	Fab Prcss & Hvy Indl Mfg (IOU)		
PGE2005	Hi-Tech Facilities (IOU)		
PGE2006	Medical Facilities (IOU)		
PGE2007	Large Commercial (IOU)		
PGE2008	Hospitality Facilities (IOU)		
PGE2009	Res New Construction (IOU)		
PGE2010	Education & Training (IOU)		
PGE2011	Codes & Standard (IOU)		
PGE2012	Emerging Technologies (IOU)		
PGE2013	Statewide Marketing & Info (IOU)		
PGE2015	Association of Bay Area Governments (ABAG) Energy Watch		
PGE2016	Association of Monterey Bay Area Governments (AMBAG) energy Watch		
PGE2017	Bakersfield and Kern County Energy Watch		
PGE2018	California Community Colleges/IOU Energy Efficiency Partnership		
PGE2019	California Department of Corrections and Rehabilitations/IOU Energy Partnership		
PGE2020	East Bay Energy Watch (EBEW)		
PGE2021	Fresno Energy Watch (FEW)		
PGE2023	Local Government Energy Action Resources (LGEAR)		
PGE2024	Madera Energy Watch		
PGE2025	Marin County Energy Watch		

CPUC ID	Name	Date Added (new programs)	Date Removed
PGE2026	Merced/Atwater Energy Watch		
PGE2027	Motherlode Energy Watch		
PGE2028	Redwood Coast Energy Watch		
PGE2029	San Francisco Energy Watch (SFEW)		
PGE2030	South San Joaquin (SSJ) Energy Watch		
PGE2031	Santa Barbara County Energy Watch		
PGE2032	Sonoma County Energy Watch (SCEW)		
PGE2033	Stockton Energy Watch		
PGE2034	Silicon Valley Energy Watch (SVEW)		
PGE2035	Silicon Valley Leadership Group Energy Watch		
PGE2036	UC/CSU/IOU Energy Efficiency Partnership		
PGE2042	Heavy Industry Energy Efficiency—Lockheed Martin Aspen Systems Corporation		
PGE2044	Builder Energy Code Training (BECT)—Building Industry Institute		
PGE2045	California Multi Measure Farm Program – EnSave		
PGE2046	California Wastewater Process Optimization (CalPOP)—Quantum/Quest		
PGE2047	Coin Operated Laundry—CAL_UCONS		
PGE2048	Pre-rinse Spray Valve Installation—CUWWC		
PGE2049	Wine Industry Efficiency Solutions—D&R International		
PGE2050	Campus Housing Efficiency Solutions—D&R International		
PGE2051	RightLights—Ecology Action		
PGE2052	LodgingSavers—Ecology Action		
PGE2054	Energy Fitness—RHA		
PGE2055	Federal and State E5K Lighting—Energy Solutions		
PGE2056	Monitoring-Based Persistence Commissioning (MBPCx)—Enovity		

CPUC ID	Name	Date Added (new programs)	Date Removed
PGE2057	Green Building Technical Support Services—Frontier		
PGE2058	Energy Efficiency Services for Oil Production—Global Energy Partners		
PGE2059	California New Homes Multifamily—Heschong Mahone Group		
PGE2060	Cool Control Plus for the Hotel / Motel Industry—Honeywell Utility		
PGE2061	PGE KEMA EAI(Large Commercial)		
PGE2062	PGE KEMA WW (Fab, Prcss & Hvy Indl Mfg)		
PGE2063	PGE Small Commercial Comprehensive Refrigeration—KEMA		
PGE2064	PGE NEXANT_REEP(Fab, Prcss & Hvy Indl Mfg)		
PGE2065	PGE ONSITE (Ag & Food Processing)		
PGE2066	PGE Supermarket Controls—PECI		
PGE2067	PGE ES Grocer(Retail Stores)		December 2006 combined with PGE2066
PGE2068	PGE Air Care Plus(Retail Stores)		
PGE2069	PGE POWERLIGHT (Ag & Food Processing)		
PGE2070	PGE Quest Data Center		
PGE2071	PGE PTAC—QuEST		
PGE2072	PGE QUEST_HOSPITAL(Medical Facilities)		
PGE2074	PGE Small Business Energy Alliance (SBEA)—RLW Analytics Energy Savers		
PGE2077	PGE SEE(Schools & Colleges)		
PGE2078	PGE Comprehensive Manufactured-Mobile Home—Synergy Company		
PGE2079	PGE VACOM_IRPP (Ag & Food Processing)		
PGE2081	AIM -- Compressed Air Efficiency -Air Power USA	Nov-06	
PGE2082	VeSM Advantage Plus-CMTC	Nov-06	

CPUC ID	Name	Date Added (new programs)	Date Removed
PGE2083	Duct and Cover - High Performance HVAC Design-Consol	Nov-06	
PGE2084	Compressed Air Program-Ecos	Nov-06	
PGE2085	Big Box Cool and Light-Energy Solutions	Nov-06	
PGE2086	HeatWise - -Energy Solutions	Nov-06	
PGE2087	Boiler Energy Efficiency Program-Enovity	Nov-06	
PGE2088	EE Partnership Pgm For CA State-Leased Facilities-Enovity	Nov-06	
PGE2089	CA Preschool EE Pgm (CPEEP)-Low Income Investment Fund	Nov-06	
PGE2090	Lab Airflow Control Sys Re-Commissioning - Newmatic Engineering	Nov-06	
PGE2091	Retrocommissioning Program-PECI	Nov-06	
PGE2092	Fan Time Delay Relay in HVAC - Proctor Engineering Group	Nov-06	
PGE2093	Light exChange Pgm (LCP)-Richard Heath and Assoc	Nov-06	
PGE2094	Macy's Comprehensive Energy Mgmt Pgm (MCEMP)-QuEST	Nov-06	

ANNUAL ENERGY EFFICIENCY

PROGRAMS REPORT

TABLES

A	B	C	D	E	F
Table 1. *Electricity and Natural Gas Savings and Demand Reduction*					
Annual Results	**Installed Savings**	**CPUC Adopted in D. 04-09-060 Goal (Year)**	**% of Goals (Year)**	**% of 3-year Goals (Portfolio)**	**Balance**
2006 Energy Savings (GWh) – Annual	***784***	***2,032***	***39%***	***12%***	***6,027***
PG&E	784	829	95%	28%	2,042
TOTAL Energy Savings (GWh) - Annual	**784**	**6,811**	**12%**	**12%**	**6,027**
2006 Energy Savings (GWh) – Lifecycle	***5,644***	***-***			
PG&E	5,644				
TOTAL Energy Savings (GWh) – Lifecycle	**5,644**				
2006 Natural Gas Savings (MMth) – Annual	***11***	***30***	***36%***	***10%***	***101***
PG&E	11	13	85%	24%	34
TOTAL Natural Gas Savings (MMth) – Annual	**11**	**112**	**10%**	**10%**	**101**
2006 Natural Gas Savings (MMth) – Lifecycle	***128***				
PG&E	128				
TOTAL Natural Gas Savings (MMth) – Lifecycle	**128**				
2006 Peak Demand savings (MW)	***143***	***442***	***32%***	***10%***	***1,305***

Table 1.
Electricity and Natural Gas Savings and Demand Reduction
Instructions

The purpose of this table is to report the annual impacts of the Energy Efficiency portfolio of programs implemented by PGE, SCE, SDGE, and SCG during the 2006-2008 program cycle. The annual impacts are to be reported for each year of the program cycle in terms of annual and lifecycle energy savings in GWh (Gigawatt hours), annual and lifecycle natural gas savings in MMth (million therms), and peak demand savings in MW (Megawatts). The utilities will report annual savings in Column B ("Installed Savings") to reflect installed savings, not including commitments. The values in the Installed Savings column include savings from the Low-Income Energy Efficiency Program and pre-2006 Codes and Standards advocacy work (LIEE and C&S savings are broken out as separate line items in Table 8 - Savings by End-Use).

Narrative Should Cover the Following Topics:

Electricity and Natural Gas Savings and Demand Reduction

Annual Results	Installed Savings	CPUC Adopted in D. 04-09-060 Goal (Year)	% of Goals (Year)	% of 3-year Goals (Portfolio)	Balance

o Programs and program strategies that were successfully implemented during the past year that contributed to the portfolio energy savings results
o Programs that were ultimately dropped from the portfolio during the past year and why;
o How the utility plans to meet the Commission's portfolio goals in the coming year

Data Sources

All of the data, except for lifecycle savings, can be found in Table 1.4 "Portfolio Impacts - Annual" of the utility monthly reports, which include the individual utility Annual Goals adopted by the Commission in D.04-09-060 and installed savings, in terms of kW, kWh, and therms (should be converted to MW, GWH, and MMth, respectively). The utilities are not currently required to report lifecycle electricity and natural gas savings in either the monthly or quarterly reporting requirements, nor are there any goals for lifecycle savings adopted by the Commission. The annual values for lifecycle electricity and natural gas savings should be generated from the E3 calculators. The values in the table above and in the attached spreadsheet were taken from the E3 input/output spreadsheets submitted with the utility 2006 fourth quarter report, as required per ALJ Ruling dated December 21, 2006.

A	B	C	D	E	F	G	H	I
Table 2 *Environmental Impacts*								
Annual Results	Annual tons of CO2 avoided	Lifecycle tons of CO2 avoided	Annual tons of NOx avoided	Lifecycle tons of NOx avoided	Annual tons of SOx avoided	Lifecycle tons of SOx avoided	Annual tons of PM10 avoided	Lifecycle tons of PM10 avoided
2006 Portfolio Targets	***398,575***	***4,656,104***	***107***	***1,596***	***-***	***-***	***-***	***-***
2006 Total	**52,325**	**656,616**	**7**	**85**	**-**	**-**	**3**	**43**
PGE	52,325	656,616	7	85	N/A	N/A	3	43

PG&E Footnote (1): Environmental Impact targets are taken from Attachment 2 Table 1.1 of PG&E Compliance Filing for 2006-2008 MIDSM Portfolio, dated April 18, 2006.

Table 2
Environmental Impacts
Instructions:

The purpose of this table is to report the annual incremental environmental impacts of the Energy Efficiency portfolio (for both electricity and natural gas) of programs implemented by PG&E, SCE, SDGE, and SCG during the 2006-2008 program cycle as adopted by the CPUC in D.05-09-043. Parties agreed that the impacts should be in terms of annual and lifecycle tons of CO2, NOX, SOX, and PM10 avoided and should come from the E3 calculator

Narrative Should Include the Following Topics

o Programs and program strategies that were successfully implemented during the past year that contributed to the emissions reductions reported in the table above;
o Brief explanation of the assumptions used in the calculation, i.e., the emission rate used, gas combustion type, net-to-gross.
o How these numbers are consistent with the current developments in the Green House Gas Proceeding currently open before the Commission or its successor proceeding (R.06-04-009).

Data Sources:

Table 2
Environmental Impacts

Annual Results	Annual tons of CO2 avoided	Lifecycle tons of CO2 avoided	Annual tons of NOx avoided	Lifecycle tons of NOx avoided	Annual tons of SOx avoided	Lifecycle tons of SOx avoided	Annual tons of PM10 avoided	Lifecycle tons of PM10 avoided

Targets - The targets for Annual tons of CO2 avoided are provided in this worksheet and are taken from D.05-09-043, Table 2 (updated in D.06-04-064). These targets are the total savings from both electricity and natural gas savings. There are no targets currently for NOX, SOX, or PM10.

The reported annual results for CO2, NOX, and PM10 reductions will be generated from the E3 calculator and use, when appropriate, the same assumptions as noted in footnote 1 of D.05-09-043 . The E3 calculator records NOX and PM10 reductions in units of "pounds per year" - for the purposes of this annual report these values should be converted to units of "tons per year" by dividing the number of "pounds per year" by 2000 pounds/ton. Currently, SOX is not captured in the E3 calculator, so for the purposes of annual reporting of SOX reductions, the utilities will use the E3 tool to calculate an annual value for SOX reductions and will footnote the emission rate used in the calculation.

A	B	C	D	E

Table 3

Expenditures

Summary of Portfolio Expenditures	Adopted Program Budget (3 - Yr)	Cumulative Annual Expenditures	Percent of Portfolio Budget (3-yr)	Percent of Total Annual Expenditures
Total Portfolio Expenditures				
Administrative Costs	136,337,200	19,625,910	2.26%	13.80%
Marketing/ Advertising/ Outreach Costs	91,764,285	19,987,113	2.30%	14.05%
Direct Implementation Costs	639,366,758	102,619,389	11.83%	72.15%
Total Portfolio Expenditures	**867,468,243**	**142,232,412**	**16.40%**	**100.00%**
Total Competitive Bid Program Expenditures (sub-component of portfolio)				
Administrative Costs		2,024,976	0%	1%
Marketing/ Advertising/ Outreach Costs		-		
Direct Implementation Costs		11,858,721	1%	8%
Total Competitive Bid Program Expenditures [1]	**206,048,069**	**13,883,697**	**1.60%**	**9.76%**
Total Partnership Program Expenditures (sub-component of portfolio)				
Administrative Costs		3,348,808	0%	2%
Marketing/ Advertising/ Outreach Costs		822,499	0%	1%
Direct Implementation Costs		4,969,211	1%	3%
Total Partnership Program Expenditures	**123,622,330**	**9,140,518**	**1.05%**	**6.43%**
Total EM&V Expenditures (separate from portfolio)				
EMV IOU	20,593,000	532,953	2.59%	83%
EMV JOINT STAFF	54,428,304	108,543	0.20%	17%
Total EM&V Expenditures	**75,021,304**	**641,496**	**0.86%**	**100.00%**

[1] The Competitive Bid Program implementer expenditures are currently classified in the Direct Implementation cost category, while PG&E's administrative costs are classified in the Administrative cost category. PG&E intends to disaggregate the 2007 program implementer expenditures into the three cost categories (administrative, marketing, and direct implementation).

Table 3
Expenditures

Summary of Portfolio Expenditures	Adopted Program Budget (3 - Yr)	Cumulative Annual Expenditures	Percent of Portfolio Budget (3-yr)	Percent of Total Annual Expenditures

Table 3
Expenditures

Summary of Portfolio Expenditures	Adopted Program Budget (3 - Yr)	Cumulative Annual Expenditures	Percent of Portfolio Budget (3-yr)	Percent of Total Annual Expenditures

Table 3
Expenditures

Instructions:

The purpose of this table is to report the annual costs expended by PGE, SCE, SDGE and SCG in implementing the 2006-2008 Energy Efficiency portfolio of programs. For the purposes of the annual report, each program administrator will first report *Total Portfolio Expenditures* broken out into Administrative Costs, Marketing/Advertising/Outreach Costs, and Direct Implementation Costs for the entire portfolio; the next two sets of expenditures represent sub-components of the portfolio already included in the *Total Portfolio Expenditures* totals: 1. *Total Competitive Bid Program Expenditures (sub-component of portfolio),* and 2. *Total Partnerships (sub-component of portfolio)* . These expenditures must also be broken out into Administrative Costs, Marketing/Advertising/Outreach Costs, and Direct Implementation Costs. Finally, the *Total EM&V (separate from portfolio)* expenditures will be reported for the IOU and Joint Staff.

Narrative Should Include the Following Topics:

- Description of the programs or program elements selected as part of the competitive bid solicitations in the past program year.

- Description of future solicitations to meet the Commission requirement that 20% of the portfolio budget come from a competitive solicitation.
- Description of the programs that entered into partnership agreements with the utilties in the past program year.

Data Sources:

The utilities report portfolio expenditures broken out into administrative costs, marketing and outreach, and direct implementation for each program in the quarterly reports posted to http://eega2006.cpuc.ca.gov. EM&V costs are also reported in each utility quarterly report.

A	B	C	D	E	F	G	H	I	J

Table 4

Cost Effectiveness

Annual Results	Total Cost to Billpayers (TRC)	Total Savings to Billpayers (TRC)	Net Benefits to Billpayers (TRC)	TRC Ratio	Total PAC Cost	PAC Ratio	PAC Cost per kW Saved ($/kW)	PAC Cost per kWh Saved ($/kWh)	PAC Cost per therm Saved ($/therm)
PG&E (1)	$ 1,226,277,084	$ 1,978,704,354	$ 752,427,270	1.61	$ 921,802,045	2.15	N/A (2)	**3.79 cents/kWh**	**$0.36 /therm**
2006 - 2008 TARGETS									
Average per year									
PG&E	$ 201,444,961	$ 418,250,605	$ 216,805,644	2.08	$ 138,538,786	3.02	N/A	**3.00 cents/kWh**	**$0.52 /therm**
PG&E TOTAL	**$ 201,444,961**	**$ 418,250,605**	**$ 216,805,644**	**2.08**	**$ 138,538,786**	**3.02**			

PG&E Footnote (1) Cost Effectiveness targets are taken from Attachment 2 Table 1.3 of PG&E Compliance Filing for 2006-2008 MIDSM Portfolio, dated April 18, 2006. PAC cost per kWh or per therm is levelized PAC cost per kWh or therm.

(2) The adopted avoided cost methodology does not provide information to provide a meaningful value for PAC Cost per kW. The adopted avoided cost methodology created kWh costs values that vary for each hour of the year that includes kW generation capacity costs. The current PAC Cost per kWh includes all ratepayer financial costs incurred in producing electric savings. The same costs would have to be reallocated if a PAC Cost per kW were presented. Additionally, the current approved calculator does not have the capability to calculate discounted kW, nor is it clear whether an annualized cost per kW or total cost per kW is more useful.

Table 4

Cost Effectiveness

Instructions

The purpose of this table is to provide an annual update on the cost effectiveness of the portfolio of programs being implemented in the 2006-2008 program cycle. The three year portfolio targets are divided by three to get an annual average for comparison to yearly results. Each utility Annual Report will include the results and goals for their respective utility.

Narrative Should Include the Following Topics:

o Description of what each metric means in terms of the overall portfolio's progress in producing net resource benefits for California's ratepayers;
o Brief explanation of the assumptions used in the calculation, i.e., incremental measure costs used, how rebates (transfers) were applied.
o How these numbers are consistent with the instructions provided by Commission in the avoided costs proceeding, R.04-04-025, particularly D.06-06-063 and the December 21, 2006 ALJ Ruling.

Data Sources:

Table 4
Cost Effectiveness

Annual Results	Total Cost to Billpayers (TRC)	Total Savings to Billpayers (TRC)	Net Benefits to Billpayers (TRC)	TRC Ratio	Total PAC Cost	PAC Ratio	PAC Cost per kW Saved ($/kW)	PAC Cost per kWh Saved ($/kWh)	PAC Cost per therm Saved ($/therm)

Except for Col. F "Total PAC Cost" and Col. H - "PAC Cost per kW saved ($/kW)", the values in the above table are all reported in each utility quarterly report in Table 1 of the "Portfolio Metrics" tab. Information not captured in the quarterly report should come from the E3 calculator. The targets that are listed are from Table 1: Summary Table of Portfolio Cost-Effectiveness (2006-2008) from D.05-09-043 and are at the portfolio level.

A			B	C
Table 5 *Ratepayer Impacts*				
2006	**Electric Average Rate (Res and Non-Res) $/kwh**	**Gas Average Rate (Res and Non-Res) $/therm**	**Average First Year Bill Savings ($)**	**Average Lifecycle Bill Savings ($)**
PGE	$0.1392	$1.1129	$121,104,693	$927,454,591
PG&E Average				
PG&E Notes: 1) 2007 weighted average bundled forecast electric rate - $0.13918/kwh **2) 2007 weighted average bundled gas rate - $1.1129/therm**				

Table 5

Ratepayer Impacts

Instructions

The purpose of this table is to report the annual impact of the energy efficiency activities on customer bills relative to the level without the energy efficiency programs, as required by Rule X.3 of the Energy Efficiency Policy Manual version 3, adopted in D.05-04-051. Parties agreed to report bill savings using the methodology used by the utilties to calculate billpayer savings in Attachment 7 of D.05-09-043.

Narrative Should Include the Following Topics:

o Explanation of the impact of the energy efficiency activities on customer bills relative to the level without the energy efficiency programs.
o Brief explanation of the assumptions used in the calculation.

Data Sources

This information is currently not reported in the monthly and quarterly reports. Parties agreed to report bill savings using the methodology used by the utilities to calculate bill payer savings in Attachment 7 of D.05-09-043.

A	B	C	D	E	F	G	H	I	J	K

Table 6
Green Building Initiative

		GWH			MW			MMth		
2006	**Expenditures**	Goal	Annual	% of Goal	Goal	Annual	% of Goal	Goal	Annual	% of Goal
PGE	$ 13,827,249	117	124	106%	27	26	96%	1.07	1.24	116%
PG&E										

PG&E Note: The expenditures are incentive dollars to participants only.

Instructions
The purpose of this table is to record the amount of savings attributable to California's 2006-2008 Energy Efficiency portfolio that contribute to meeting the Governor's Green Building Initiative Goal of reducing energy use in state-owned buildings by 20 per cent by 2015 (with a 2003 baseline). Expenditures are for program activities that contribute towards GBI goals. Annual GWH, MW, and Million therms are cumulative net values.

Narrative Should Include the Following Topics:

o Brief description of the programs that contributed to the GBI savings
o Assessment of the status of the portfolio's progress in meeting GBI goals.
o A description of non-resource program activities that support the Green Building Initiative, including marketing and outreach activities.

Data Sources

The utilities report GBI data in their quarterly status reports including: Table 4.1 "GBI Goals and Results", Table 4.2 "GBI results by NAICS Code", Table 4.3 "GBI Results by End-Use Classification".

Table 7
Incentive Claims (placeholder until the incentive mechanism is adopted)

Table 7
Incentive Claims (placeholder until the incentive mechanism is adopted)
Instructions

Narrative Should Include the Following Topics:

Data Sources

A	B	C	D	E	F	G	H	I

Table 8:

Annual Savings By End-Use

	GWH	% of Total	MW	% of Total	MMTh = 1,000,000 therms	% of Total
Residential	**311.82**	**39.77%**	**45.67**	**31.94%**	**1.64**	**15.28%**
Appliances	4.90	0.63%	0.61	0.43%	0.76	7.04%
Consumer Electronics	-	0.00%	-	0.00%	-	0.00%
Cooking Appliances	-	0.00%	-	0.00%	-	0.00%
HVAC	2.96	0.38%	7.22	5.05%	0.65	6.00%
Lighting	286.79	36.57%	35.03	24.50%	-	0.00%
Pool Pump	0.33	0.04%	0.06	0.04%	-	0.00%
Refrigeration	16.66	2.13%	2.57	1.80%	-	0.00%
Water Heating	0.02	0.00%	0.00	0.00%	0.20	1.86%
Other	0.16	0.02%	0.17	0.12%	0.04	0.38%
Nonresidential	**406.39**	**51.83%**	**80.33**	**56.17%**	**6.71**	**62.40%**
HVAC	24.92	3.18%	13.91	9.72%	0.11	1.04%
Lighting	281.62	35.91%	50.29	35.17%	(0.00)	-0.02%
Office	-	0.00%	-	0.00%	-	0.00%
Process	51.79	6.60%	9.52	6.66%	6.42	59.69%
Refrigeration	36.28	4.63%	4.27	2.98%	-	0.00%
Other	11.78	1.50%	2.35	1.64%	0.18	1.69%
Low Income Energy Efficiency	**27.92**	**3.56%**	**6.01**	**4.20%**	**1.45**	**13.48%**
Codes & Standard Energy Savings	**38.00**	**4.85%**	**11.00**	**7.69%**	**0.95**	**8.83%**
PG&E ANNUAL PORTFOLIO SAVINGS	**784.13**	**100%**	**143.01**	**100%**	**10.76**	**100%**

Table 8:

Annual Savings By End-Use

Instructions

The purpose of this table is to show annual portfolio savings attributable to the LIEE program, the Codes and Standards pre-2006 advocacy work, and by Residential and Non-Residential end-use.

Narrative Should Include the Following Topics:

o Description of how the programs and program strategies implemented in the past year produced energy savings reported in the table above are consistent with the Commission's policy rules;
o Brief explanation of the source of the LIEE savings reported above, i.e., which Impact Evaluation report provides the savings numbers.

Data Sources

The data for the table above are from the utilities' monthly status report tables for Aggregated End-Use (Table 1.5 for SCE and PGE, and Table 1.6 for SDGE and SCG)
1. Total Annual Portfolio Savings is the sum of residential, non-residential, LIEE, and Codes and Standards savings for kWh, kW, and therms. For annual reporting the savings should be converted to GWH, MW, and Million Therms. The total annual portfolio savings should be the same as the values in the Annual Report Table 1.
2. Residential (% of Total column) = represents contribution of individual residential end-use savings (Appliances, Consumer Electronics, Cooking Appliances, HVAC, Lighting, Pool Pump, Refrigeration, Water Heating, Other) to total residential savings (Cell B4). Same for kWh, kW, and therm savings.

3. Non-Residential (% of Total column) = represents contribution of individual non-residential end-use savings (HVAC, Lighting, Office, Process, Refrigeration, Other) to total non-residential savings (cell B14).
4. LIEE (% of Total Column) = reported annual LIEE savings contribution to total annual portfolio savings. For SCE, LIEE savings are embedded within the monthly reports. The savings attributed to the LIEE program will be broken out in each utility's annual report.
5. Codes and Standards (% of Total Column) = reported annual C & S savings contribution to total annual portfolio savings. The savings from pre-2006 Codes and Standards advocacy work are from CALMAC study 241 conducted by HMG.

A	B	C	D	E

Table 9

Commitments

	Commitments Made in the Past Year with Expected Implementation by December 2008			
	Committed Funds	Expected Energy Savings		
2006	$	GWH	MW	MMth
PG&E Total	$ 21,901,443	135	19.3	6.8
	Commitments Made in the Past Year with Expected Impelmentation ***after*** December 2008			
	Committed Funds	Expected Energy Savings		
2006	$	GWH	MW	MMth
PG&E Total	$ -	-	-	-

Table 9
Commitments
Instructions

The purpose of this table is to allow the utilities to report commitments for both the near term (installed savings will be produced within the 2006-2008 program cycle) and long term (commitments entered into during the current program cycle but which are not expected to produce installed savings until after December 2008). This information will be useful for the Commission's resource planning purposes by enabling program activities to be linked to a particular funding cycle[1].

Narrative Should Include the Following Topics:

o A description of the programs, market sectors, customer segments, technologies, or measures that have long-term commitments entered into by the utility.
o Explanation of how commitments are calculated and reported in the above tables, i.e., are these commitments from incentives only.

Data Sources

The utilities report commitments in Table 1.1 “Program Costs and Impacts”, Table 1.2 “Portfolio Costs” and Table 1.3 “Portfolio Impacts” of their monthly status reports. These tables, however, do not differentiate commitments that will produced installed savings with the 2006-2008 program cycle from those commitments that will produced installed savings after the program cycle ends in December 2008.

[1] Please see page 55 of D.05-04-051

CPUC ID	Name	Date Added (new programs)	Date Removed
PGE2000	Mass Market (residential) (IOU)		
PGE2080	Mass Market (nonresidential) (IOU)		
PGE2001	Ag & Food Processing (IOU)		
PGE2002	Schools & Colleges (IOU)		
PGE2003	Retail Stores (IOU)		
PGE2004	Fab Prcss & Hvy Indl Mfg (IOU)		
PGE2005	Hi-Tech Facilities (IOU)		
PGE2006	Medical Facilities (IOU)		
PGE2007	Large Commercial (IOU)		
PGE2008	Hospitality Facilities (IOU)		
PGE2009	Res New Construction (IOU)		
PGE2010	Education & Training (IOU)		
PGE2011	Codes & Standard (IOU)		
PGE2012	Emerging Technologies (IOU)		
PGE2013	Statewide Marketing & Info (IOU)		
PGE2015	Association of Bay Area Governments (ABAG) Energy Watch		
PGE2016	Association of Monterey Bay Area Governments (AMBAG) energy Watch		
PGE2017	Bakersfield and Kern County Energy Watch		
PGE2018	California Community Colleges/IOU Energy Efficiency Partnership		
PGE2019	California Department of Corrections and Rehabilitations/IOU Energy Partnership		
PGE2020	East Bay Energy Watch (EBEW)		
PGE2021	Fresno Energy Watch (FEW)		

PGE2023	Local Government Energy Action Resources (LGEAR)		
PGE2024	Madera Energy Watch		
PGE2025	Marin County Energy Watch		
PGE2026	Merced/Atwater Energy Watch		
PGE2027	Motherlode Energy Watch		
PGE2028	Redwood Coast Energy Watch		
PGE2029	San Francisco Energy Watch (SFEW)		
PGE2030	South San Joaquin (SSJ) Energy Watch		
PGE2031	Santa Barbara County Energy Watch		
PGE2032	Sonoma County Energy Watch (SCEW)		
PGE2033	Stockton Energy Watch		
PGE2034	Silicon Valley Energy Watch (SVEW)		
PGE2035	Silicon Valley Leadership Group Energy Watch		
PGE2036	UC/CSU/IOU Energy Efficiency Partnership		
PGE2042	Heavy Industry Energy Efficiency—Lockheed Martin Aspen Systems Corporation		
PGE2044	Builder Energy Code Training (BECT)—Building Industry Institute		
PGE2045	California Multi Measure Farm Program – EnSave		
PGE2046	California Wastewater Process Optimization (CalPOP)—Quantum/Quest		
PGE2047	Coin Operated Laundry—CAL_UCONS		
PGE2048	Pre-rinse Spray Valve Installation—CUWWC		

PGE2049	Wine Industry Efficiency Solutions—D&R International		
PGE2050	Campus Housing Efficiency Solutions—D&R International		
PGE2051	RightLights—Ecology Action		
PGE2052	LodgingSavers—Ecology Action		
PGE2054	Energy Fitness—RHA		
PGE2055	Federal and State E5K Lighting—Energy Solutions		
PGE2056	Monitoring-Based Persistence Commissioning (MBPCx)—Enovity		
PGE2057	Green Building Technical Support Services—Frontier		
PGE2058	Energy Efficiency Services for Oil Production—Global Energy Partners		
PGE2059	California New Homes Multifamily—Heschong Mahone Group		
PGE2060	Cool Control Plus for the Hotel / Motel Industry—Honeywell Utility		
PGE2061	PGE KEMA EAI(Large Commercial)		
PGE2062	PGE KEMA WW (Fab, Prcss & Hvy Indl Mfg)		
PGE2063	PGE Small Commercial Comprehensive Refrigeration—KEMA		
PGE2064	PGE NEXANT_REEP(Fab, Prcss & Hvy Indl Mfg)		
PGE2065	PGE ONSITE (Ag & Food Processing)		
PGE2066	PGE Supermarket Controls—PECI		

PGE2067	PGE ES Grocer(Retail Stores)		December 2006 combined with PGE2066
PGE2068	PGE Air Care Plus(Retail Stores)		
PGE2069	PGE POWERLIGHT (Ag & Food Processing)		
PGE2070	PGE Quest Data Center		
PGE2071	PGE PTAC—QuEST		
PGE2072	PGE QUEST_HOSPITAL(Medical Facilities)		
PGE2074	PGE Small Business Energy Alliance (SBEA)—RLW Analytics Energy Savers		
PGE2077	PGE SEE(Schools & Colleges)		
PGE2078	PGE Comprehensive Manufactured-Mobile Home—Synergy Company		
PGE2079	PGE VACOM_IRPP (Ag & Food Processing)		
PGE2081	AIM -- Compressed Air Efficiency -Air Power USA	Nov-06	
PGE2082	VeSM Advantage Plus-CMTC	Nov-06	
PGE2083	Duct and Cover - High Performance HVAC Design-Consol	Nov-06	
PGE2084	Compressed Air Program-Ecos	Nov-06	
PGE2085	Big Box Cool and Light-Energy Solutions	Nov-06	
PGE2086	HeatWise - -Energy Solutions	Nov-06	
PGE2087	Boiler Energy Efficiency Program-Enovity	Nov-06	
PGE2088	EE Partnership Pgm For CA State-Leased Facilities-Enovity	Nov-06	

PGE2089	CA Preschool EE Pgm (CPEEP)-Low Income Investment Fund	Nov-06
PGE2090	Lab Airflow Control Sys Re-Commissioning - Newmatic Engineering	Nov-06
PGE2091	Retrocommissioning Program-PECI	Nov-06
PGE2092	Fan Time Delay Relay in HVAC - Proctor Engineering Group	Nov-06
PGE2093	Light exChange Pgm (LCP)-Richard Heath and Assoc	Nov-06
PGE2094	Macy's Comprehensive Energy Mgmt Pgm (MCEMP)-QuEST	Nov-06